Government of Alberta

2014–15 Annual Report

- Executive Summary
- Consolidated Financial Statements
- Measuring Up

Alberta

This is the report to Albertans on ***Budget 2014: The Building Alberta Plan.*** It is a permanent public record of the dollars spent and the results achieved by the Government of Alberta for the 2014–15 fiscal year.

The Government of Alberta Annual Report consists of three parts:

- ***Executive Summary.***
- ***Consolidated Financial Statements***, which provide an overall accounting of the government's revenue and spending, and assets and liabilities.
- ***Measuring Up***, which reports on the progress that has been made towards achieving the government's goals.

Annual reports for each ministry have also been published, providing additional detailed information on performance and financial results.

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Government of Alberta 2014–15 Annual Report
Consolidated Financial Statements and Measuring Up

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PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the Annual Report of the Government of Alberta and the annual reports of each of the 19 ministries.

This Annual Report of the Government of Alberta contains an Executive Summary, the audited Consolidated Financial Statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

The annual reports of ministries are released concurrently with the Annual Report of the Government of Alberta. The ministry annual reports contain the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministries' business plans. Each ministry annual report also includes:

- Financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations;
- Other financial information as required by the *Financial Administration Act* and the *Fiscal Management Act*, either as separate reports or as a part of financial statements, to the extent that the ministry has anything to report;
- Financial information relating to accountable organizations and trust funds.

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NOTE: AMOUNTS PRESENTED IN SOME TABLES MAY NOT ADD TO TOTALS DUE TO ROUNDING.

BUDGET 2014

The actual 2014-15 results were somewhat better than the original *Budget 2014* estimates, due mainly to a strong first half of the fiscal year. However, the dramatic collapse in oil prices, that saw the West Texas Intermediate (WTI) price drop 50% between June 2014 and March 2015, reversed some early-year positives and dampened prospects going forward.

Employment and population growth, construction, manufacturing, forestry, agriculture and export sectors, continued to be healthy in 2014. Financial market returns and investment income were also strong. However, global economic conditions and energy prices forecasts remain very uncertain.

The 2014-15 surplus, on the Fiscal Plan (budget) basis was $1.4 billion, $348 million better than originally forecast. Total revenue was $928 million higher than estimated in *Budget 2014*, and expense $580 million higher.

OPERATIONAL PLAN

Operational revenue was $44.2 billion in 2014-15, including $21.2 billion from income and other taxes, $8.9 billion in non-renewable resource revenue, and a total of $14.1 billion from other sources.

Operational expense was $41 billion in 2014-15, including $38.9 billion for operating, $336 million in disaster assistance and $329 million from endowment funds and accounts. Operational expense included $18.1 billion for Health, $9.4 billion combined for Education and Innovation and Advanced Education, and $4.1 billion for Human Services.

An operational surplus of $3.2 billion was realized in 2014-15, $574 million higher than budget. The increased operational surplus, coupled with a significant positive swing in operational cash adjustments, was used to boost the balance in the Contingency Account and reduce Capital Plan borrowing requirements.

CAPITAL PLAN

Significant infrastructure support of $5.9 billion was provided in 2014-15, $709 million lower than budget but $888 million higher than in 2013-14. Additional funding was provided in-year for the Municipal Sustainability Initiative and building schools, while a number of health, transportation and flood recovery projects did not progress to the extent expected.

The Capital Plan included $2.1 billion in municipal support, $1.3 billion for the provincial highway network, $784 million for schools, $442 million for health facilities, $244 million for post-secondary facilities, $166 million for government buildings and $128 million for June 2013 flood recovery. $3 billion was directly borrowed to finance the Capital Plan.

NOTE ON DIFFERENCES IN REPORTING

The Annual Report Consolidated Financial Statements (CFS) report on a different basis and scope from the Fiscal Plan (budget) documents. The CFS includes:

- Revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities (schools, universities, colleges and health entities), Alberta Innovates corporations and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. This adds revenue of $4.3 billion, expense of $4.9 billion and net assets of $22.6 billion.
- Deferred capital contribution treatment for capital transfers. Reduces revenue by $0.1 billion and net assets by $2.6 billion.
- Pension liabilities. Reduces expense by $0.4 billion and adds $11.2 billion to liabilities.

The 2014-15 Fiscal Plan surplus was $1.4 billion while the Consolidated Financial Statements surplus was $1.1 billion. More details on the differences between the reporting methods is provided on pages 19–21.

Fiscal Summary

(millions of dollars)

FISCAL PLAN BASIS (*Fiscal Management Act*)	2014-15 Budget	2014-15 Actual	2013-14 Actual
1 **Total Revenue**, less:	**44,354**	**45,282**	**45,293**
2 Revenue received for capital purposes	(560)	**(483)**	(491)
3 Investment income retained by Heritage Fund	(297)	**(210)**	(193)
4 Capital Plan debt servicing costs allocation	(421)	**(352)**	(230)
5 **Operational Revenue**	**43,076**	**44,237**	**44,379**
Operational Expense			
6 Operating expense (net of in-year savings)	38,477	**38,947**	37,462
7 Endowment fund / account expense	243	**329**	191
8 Disaster / emergency assistance	355	**336**	2,900
9 Capital amortization / inventory consumption / loss on asset disposals	997	**1,046**	967
10 General debt servicing costs	360	**361**	360
11 **Total Operational Expense**	**40,432**	**41,019**	**41,880**
12 **Operational Surplus / (Deficit)**	**2,644**	**3,218**	**2,499**
13 **Total Revenue (line 1)**	44,354	**45,282**	45,293
14 **Total Operational Expense (line 11)**	40,432	**41,019**	41,880
15 Capital grants	2,414	**2,476**	2,428
16 Capital Plan debt servicing costs (line 4)	421	**352**	230
17 **Total Expense (Total Operational Expense plus lines 15 & 16)**	**43,267**	**43,847**	**44,538**
18 **Surplus / (Deficit) - Change in Net Assets**	**1,087**	**1,435**	**755**
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS			
Revenue Adjustments			
19 SUCH sector / Alberta Innovates corporation own-source revenue		**4,300**	4,226
20 Deferred capital contributions		**(101)**	(85)
21 **Total Revenue (Consolidated Financial Statements basis – line 1 plus lines 19 & 20)**		**49,481**	**49,434**
Expense Adjustments			
22 Adjustment for capital spending		**1,384**	1,120
23 SUCH sector / Alberta Innovates corporations net adjustment		**3,539**	3,330
24 Pension provisions		**(404)**	748
25 **Total expense adjustments**		**4,519**	**5,198**
26 **Total Expense (Consolidated Financial Statements basis – line 17 plus line 25)**		**48,366**	**49,736**
27 **Surplus / (Deficit) – Consolidated Financial Statements basis (line 21 less line 26)**		**1,115**	**(302)**

Operational Cash Adjustments / Contingency Account (at March 31, 2015)

(millions of dollars)

Operational Cash Adjustments – Sources / (Requirements)	2014-15 Budget	2014-15 Actual	2013-14 Actual	Change from 2013-14 Budget	Change from 2013-14 Actual
Retained income of funds and agencies	(908)	**(976)**	(1,151)	(68)	175
Energy royalties	(295)	**1,369**	(279)	1,664	1,648
Student loans / inventory acquisition / other cash adjustments	(876)	**(133)**	(454)	743	321
Current principal repayments (P3s / direct borrowing)	(39)	**(39)**	(33)	-	(6)
Allocation for future principal repayments (direct borrowing)	(106)	**-**	(34)	106	34
2013 Alberta flood assistance revenue / expense	(304)	**(745)**	903	(441)	(1,648)
Amortization / inventory consumption	994	**956**	912	(38)	44
Net Operational Cash Adjustments	**(1,534)**	**432**	**(136)**	**1,966**	**568**
Plus: Operational Surplus / (Deficit)	2,644	**3,218**	2,499	574	719
Net Operational Cash Sources / (Requirements)	**1,110**	**3,650**	**2,363**	**2,540**	**1,287**
Contingency Account	**At March 31**				
Assets at Start of Year	4,657	**4,658**	3,326	1	1,332
Transfer of / (to offset) net operational cash sources / (requirements)	1,110	**3,650**	2,363	2,540	1,287
Cash transferred from prior-year fourth quarter results	-	**1,287**	256	1,287	1,031
Cash from fourth quarter results to be transferred in subsequent year	-	**(1,731)**	(1,287)	(1,731)	(444)
Cash transferred to Capital Plan	(767)	**(1,335)**	-	(568)	(1,335)
Assets at End of Year	**5,000**	**6,529**	**4,658**	**1,529**	**1,871**

FISCAL PLAN HIGHLIGHTS

On the Fiscal Plan basis (excludes pension provisions, SUCH sector, Alberta Innovates corporations, Alberta Environmental Monitoring, Evaluation and Reporting Agency, deferred capital contribution treatment), 2014-15 results were a surplus of $1.4 billion, a $0.7 billion improvement from 2013-14 and $0.3 billion from *Budget 2014*.

Total Revenue was $45.3 billion, $0.9 billion higher than budget and essentially unchanged from 2013-14.

- **Change from 2013-14.** Increases of $0.9 billion in tax revenue and $1.2 billion in other revenue, primarily related to revisions to 2013-14 reported expense, were offset by decreases of $0.6 billion in resource revenue, $0.4 billion in investment income, and $1.1 billion in federal transfers, largely from reporting $1.6 billion in federal assistance for the June 2013 floods in 2013-14.
- **Change from Budget.** Increases of $0.3 billion in corporate income tax, $0.3 billion in investment income and $1.3 billion in other revenue were partly offset by decreases of $0.6 billion in federal transfers, $0.3 billion in resource revenue, and $0.1 billion in other tax revenue.

Total Expense was $43.8 billion, $0.7 billion lower than 2013-14 and $0.6 billion higher than budget.

- **Change from 2013-14.** Increases of $1.5 billion in operating expense and $0.4 billion in other expense were more than offset by a decrease of $2.6 billion in disaster / emergency assistance.
- **Change from Budget.** Mainly reflects increase of $0.5 billion in operating expense.

The Consolidated Financial Statements basis surplus was $1.1 billion, a $1.4 billion improvement from 2013-14. The $0.7 billion difference from the Fiscal Plan basis improvement of $0.7 billion is due mainly to a $1.1 billion positive change in the pension provision, partly offset by an increase of $0.4 billion in SUCH sector and Alberta Innovates additional net expense.

Net Assets. At March 31, 2015, on the Fiscal Plan basis, net assets were $46.4 billion, including capital assets of $26.3 billion. On the Consolidated Financial Statements basis, net assets were $55.3 billion, including capital assets of $44.3 billion. More details on assets and liabilities are provided on pages 18-21.

OPERATIONAL PLAN HIGHLIGHTS

The Operational Surplus was $3.2 billion, $0.7 billion higher than 2013-14 and $0.6 billion higher than budget. Operational revenue was $44.2 billion, while operational expense was $41 billion.

Cash adjustments to operational results, such as differences between accrued revenue and cash receipts, non-cash revenue or expense, and transfers not reported on the income statement, are necessary to determine the allocation to or from the Contingency Account under the *Fiscal Management Act*.

- **Retained income of funds and agencies.** A net $976 million in financial surpluses of entities, like Alberta Treasury Branches or Agriculture Financial Services Corporation, are included in the 2014-15 year-end results, but kept by the entities.
- **Energy royalties.** Differences between reported royalties and when cash is received amount to a net $1,369 million more cash than reported revenue, primarily due to cash from year-end 2013-14, received in 2014-15, exceeding cash from year-end 2014-15, not received until 2015-16.
- **Other cash adjustments.** $239 million in cash was needed for student loans, net of loan repayments, $172 million was used to acquire short-term inventory assets, while there was a net $278 million in net other cash sources.
- **P3 / capital debt principal repayments.** Cash of $39 million was used to repay principal owed under completed P3 contracts.
- **June 2013 flood assistance.** A net $745 million negative cash adjustment, comprising a cash requirement of $412 million for 2014-15 spending that was reported in 2013-14 expense, and a net $333 million increase in non-cash 2014-15 revenue included to correct for over-estimated flood expense and revenue reported in 2013-14.
- **Non-cash expense.** $956 million in capital amortization / short-term inventory consumption was included in expense, but required no cash.

Contingency Account. Balance of $6.5 billion on March 31, 2015, an increase of $1.9 billion from March 31, 2014, comprising $3.6 billion in net 2014-15 cash results, $1.3 billion in 2013-14 results realized after March 31, 2014, offset by a transfer of $1.3 billion to the Capital Plan and $1.7 billion to be deposited in 2015-16.

Operational Expense

(millions of dollars)

	2014-15		2013-14	Change from 2013-14	
Operating Expense by Ministry	**Budget**	**Actual**	**Actual**	**Budget**	**Actual**
Aboriginal Relations	201	**179**	163	(22)	16
Agriculture and Rural Development	917	**875**	752	(42)	123
Culture and Tourism	292	**283**	262	(9)	21
Education	6,505	**6,505**	6,301	-	204
Energy	678	**646**	673	(32)	(27)
Environment and Sustainable Resource Development	576	**593**	539	17	54
Health	17,720	**17,874**	17,114	154	760
Human Services	4,083	**4,112**	3,865	29	247
Infrastructure	513	**507**	505	(6)	2
Innovation and Advanced Education	2,726	**2,695**	2,609	(31)	86
International and Intergovernmental Relations	39	**32**	32	(7)	-
Jobs, Skills, Training and Labour	167	**149**	135	(18)	14
Justice and Solicitor General	1,308	**1,312**	1,271	4	41
Municipal Affairs	276	**237**	236	(39)	1
Seniors	572	**573**	544	1	29
Service Alberta	235	**225**	236	(10)	(11)
Transportation	513	**523**	514	10	9
Treasury Board and Finance	1,404	**1,481**	1,571	77	(90)
Executive Council	28	**24**	27	(4)	(3)
Legislative Assembly	124	**122**	113	(2)	9
Less in-year savings	(400)	-	-	400	-
Total Operating Expense	**38,477**	**38,947**	**37,462**	**470**	**1,485**
Disaster / Emergency Assistance					
Agriculture and Rural Development	2	**38**	2	36	36
Environment and Sustainable Resource Development	-	**132**	102	132	30
Municipal Affairs	-	**32**	38	32	(6)
Unallocated	198	-	-	(198)	-
Total	**200**	**202**	**142**	**2**	**60**
2013 Alberta flood assistance:					
Aboriginal Relations	5	**6**	193	1	(187)
Agriculture and Rural Development	17	**1**	-	(16)	1
Culture and Tourism	8	**5**	4	(3)	1
Education	15	**3**	-	(12)	3
Environment and Sustainable Resource Development	13	**23**	1	10	22
Health	25	**16**	-	(9)	16
Human Services	8	**4**	65	(4)	(61)
Infrastructure	35	**54**	72	19	(18)
Municipal Affairs	28	**21**	2,416	(7)	(2,395)
Other	1	**2**	7	1	(5)
Total 2013 Alberta flood assistance	**155**	**134**	**2,758**	**(21)**	**(2,624)**
Total Disaster / Emergency Assistance	**355**	**336**	**2,900**	**(19)**	**(2,564)**
Endowment Fund / Account Expense					
Agriculture and Rural Development	9	**3**	-	(6)	3
Health	111	**116**	111	5	5
Innovation and Advanced Education	123	**210**	80	87	130
Total Endowment Fund / Account Expense	**243**	**329**	**191**	**86**	**138**
Amortization / Inventory Consumption / Loss on Asset Disposals					
Infrastructure amortization / inventory consumption	151	**112**	124	(39)	(12)
Transportation amortization / inventory consumption	509	**511**	480	2	31
Other amortization / inventory consumption / loss on disposals	337	**423**	363	86	60
Total Amortization / Invent. Consump. / Loss on Disposals	**997**	**1,046**	**967**	**49**	**79**
General Debt Servicing Costs					
Agriculture and Rural Development (Ag. Financial Services Corp.)	73	**70**	68	(3)	2
Seniors (Alberta Social Housing Corporation)	10	**10**	12	-	(2)
Treasury Board and Finance	277	**281**	280	4	1
Total General Debt Servicing Costs	**360**	**361**	**360**	**1**	**1**
Total Operational Expense	**40,432**	**41,019**	**41,880**	**587**	**(861)**

Operational expense in 2014-15 was $41 billion. This comprised $38.9 billion in operating expense, $336 million in disaster / emergency assistance, $329 million in endowment fund / account expense, $1 billion in amortization / inventory consumption and losses on asset disposals, and $361 million in general debt servicing costs.

Year-over-year comparison. Operational expense was $861 million lower than 2013-14. This included:

- **Operating expense.** $1.5 billion or 4% increase, primarily for Alberta Health Services, physician compensation, increased caseloads and costs in AISH and children's programs, school enrolment growth, and agriculture income support.
- **Disaster / emergency assistance.** $2.6 billion decrease due to the assistance for the June 2013 floods reported in 2013-14.
- **Endowment fund / account expense.** $138 million increase due mainly to Access to the Future Fund grants.

Budget-to-actual changes. Operational expense was $587 million higher than budgeted. This included:

- **Operating expense.** $470 million or 1.2% increase, primarily for Alberta Health Services, drug costs, the corporate income tax doubtful accounts provision, external investment management fees, and Alberta Energy Regulator.
- **Disaster / emergency assistance.** $19 million decrease from lower June 2013 flood assistance.
- **Endowment fund / account expense.** $86 million increase due mainly to Access to the Future Fund grants.

2013 ALBERTA FLOOD ASSISTANCE

$134 million in 2014-15 expense, $21 million less than budget. An additional $412 million in cash spending occurred in 2014-15. The related expense was reported in 2013-14.

HEALTH

Operational expense was $18.1 billion. This comprised $17.9 billion in operating expense, $116 million in endowment account expense, $79 million in amortization / inventory consumption and $16 million in 2013 flood assistance. Operating expense was $760 million or 4.4% higher than in 2013-14, and $154 million above budget.

- Operating expense changes from 2013-14:
  - $252 million increase for physician services, reflecting more physicians and service demand, and a higher compensation rate.
  - $411 million increase in the operating grant to Alberta Health Services (AHS) to accommodate population growth, salary costs of ratified labour agreements, and Calgary South Health Campus and Kaye Edmonton Clinic operations.
  - $97 million net increase in other programs.
- Operating expense changes from budget:
  - $160 million increase in drug costs, for higher-than-expected demand and newly-approved drugs.
  - $120 million increase to AHS base operating grant for salary costs of ratified labour agreements.
  - $59 million decrease related to the deferral of Family Care Clinics.
  - $32 million decrease from lower requirements for the Calgary South Health Campus, as it was not fully operational in 2014-15.
  - $35 million net decrease in other programs.
- *Tobacco and Smoking Reduction Act* regulations came into effect, prohibiting selling or supplying tobacco products to minors in public places and smoking in vehicles with minors present.
- The *Preventable* campaign, intended to improve understanding and behaviours regarding preventable injuries, continued, with projects in 18 communities focused on senior falls, skateboard, bike and playground safety, child sport injuries, family violence and suicide prevention.
- 97,000 Albertans registered their intent or consent to organ or tissue donation through a new online registry, also available through Registry Agents. Over 550 Albertans are waiting for an organ transplant and more for tissue donations.
- Introduced the *Skin Cancer Prevention (Artificial Tanning) Act* which, if passed, would ban provision and advertising of artifical tanning services to minors, require health warnings on related facilities and advertisments, and prohibit unsupervised self-serve artifical tanning equipment in public places.

EDUCATION

Education operational expense was $6.5 billion in 2014-15, $205 million higher than in 2013-14 due mainly to higher-than-expected enrolment growth and increases to grant rates, but $8 million lower than the *Budget 2014* estimate.

- $5.8 billion in operating and property tax support for public and separate school boards, an increase of $147 million or 2.6%, from 2013-14, but down $36 million from budget.
- This included $268 million for the Small Class Size Initiative, an increase of $19 million or 7.6% from 2013-14. These dollars were targeted at earlier grades with higher enrolment growth pressures.
- Accredited private school funding of $234 million was $11 million, or 5.2% higher than in 2013-14, and $14 million higher than budget, due to enrolment growth.
- $394 million for current-year pension expense (post-1992 Teacher's Pension Plan), a $31 million or 8.6% increase from 2013-14.

HUMAN SERVICES

Human Services operational expense was $4.1 billion. Operating expense was $247 million, or 6.4% higher than 2013-14 and $29 million above budget, primarily for higher caseloads and costs per case.

- Assured Income for the Severely Handicapped expense was $918 million, $38 million higher than 2013-14, due to about 2,000 more clients, who total over 50,000. Alberta's program for clients with severe and permanent disabilities is one of the most comprehensive in Canada.
- Support to Persons with Disabilities expense was over $1 billion, an increase of $124 million from 2013-14, for increasing caseloads and complexity of cases, and higher contracted agency wages.
- Almost $1.1 billion was provided for child and youth intervention, and child care programs, an increase of $62 million from 2013-14, primarily due to higher case complexity, child care supports and programs for early intervention and parenting.
- Employment program expense of $728 million was $16 million lower than in 2013-14 primarily due to lower employment and training caseloads.
- $127 million was allocated to address and reduce homelessness. Approximately 10,600 people have been provided with housing and other supports since 2009.

INNOVATION AND ADVANCED EDUCATION

Operational expense was $2.9 billion, an increase of $217 million or 8.1% from 2013-14, and $56 million higher than estimated in *Budget 2014*, mainly from higher Access to the Future Fund expense.

- Post-secondary institution support of $2.2 billion was provided, an increase of $48 million from 2013-14, but $28 million lower than budget. This included $33 million to add 2,000 new spaces in programs in a range of high-demand fields.
- Awarded $74 million in scholarships to 39,000 Alberta students. Funded almost 63,000 full-time students by providing $396 million in Alberta student loans and $75 million in provincial grants.
- $137 million from Access to the Future Fund to institutions to match prior-year donations.
- Grants of $133 million to three Alberta Innovates corporations supported research, innovation and technology commercialization in Alberta.

JUSTICE AND SOLICITOR GENERAL

Operational expense was $1.3 billion, $20 million higher than 2013-14 but $2 million below budget.

- Increased funding for legal aid by $6 million to improve access for low-income Albertans, including AISH clients.
- Added funding for 40 new RCMP officers.
- Amended the *Child Support Recalculation Program Regulation* to expand the program's reach to more clients, clarify eligibility rules and introduce more effective mechanisms to calculate a parent's income if it is not voluntarily provided.
- Increased the Provincial Court of Alberta's civil claims limit from $25,000 to $50,000, to expand access and reduce costs and time to resolve claims.
- Implemented numerous recommendations from the *Injecting a Sense of Urgency* report to make the criminal justice system more efficient and accessible.
- Amended the *Motor Vehicle Accident Claims Act* to streamline the process for personal injury claims of $25,000 or less, and continued implementing Traffic Court reforms.

AGRICULTURE AND RURAL DEVELOPMENT

Operational expense (excluding debt servicing costs) was $934 million. This was $163 million higher than 2013-14, due mainly to indemnity and income support payments, but $28 million lower than budget

due to less-than-expected 2013 flood assistance and various cost-containment measures.

- Indemnity payments of $428 million for crop, hail and livestock insurance were incurred in 2014-15.
- The Alberta Livestock and Meat Agency allocated $20 million to help agri-food businesses develop new markets, products and technologies.
- $53 million through Growing Forward 2 to support innovation in the agri-food sector.
- Collaborated with other provinces, the federal government and the government of Mexico to advocate ending the costly US Country of Origin Labelling requirements on beef and pork imports.
- Approved $523 million in agriculture sector loans.

ENERGY

Operational expense was $667 million, a decrease of $26 million from 2013-14 and $34 million from *Budget 2014*.

- The decrease from 2013-14 was mainly due to $72 million in Land Use Framework settlements, primarily for the Fort McMurray Urban Development Sub-Region, incurred in 2013-14, while only $4 million was incurred in 2014-15. This change was partially offset by other increases including a $41 million increase for the Alberta Energy Regulator.
- The decrease from budget was primarily from a $36 million reduction in bio-energy grants due to lower-than-expected production, $33 million less in oil transportation and marketing costs, partly offset by other increases including $27 million higher Alberta Energy Regulator expense funded by industry levies.
- $70 million was provided under the Bioenergy Producer Credit program to encourage a variety of bioenergy products, such as renewable fuels, liquid biofuels, electricity, heat and biomass pellets and gas products. This was $2 million more than in 2013-14, but lower than budgeted. No new grants are being issued, and existing agreements will be completed in 2015-16.

ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

Operational expense was $803 million, an increase of $106 million from 2013-14, and $158 million from *Budget 2014*.

- The increase from 2013-14 was primarily due to higher wildfire fighting costs, additional funding provided to the Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA), and increased 2013 flood assistance.
- The increase from budget was mainly due to the provision of in-year disaster assistance for fighting wildfires and increased 2013 flood assistance.
- Spent $237 million, including $132 million of in-year disaster assistance, to fight 1,400 forest fires, which consumed about 23,000 hectares.
- $35 million was employed to combat mountain pine beetle infestations.
- Provided $59 million to AEMERA, in support of its oil sands monitoring operations.
- Funding of $26 million continued implementation of the Flat Top Complex Wildfire Review Committee recommendations.
- $23 million for ongoing 2013 flood assistance.
- With the Climate Change Strategy being reviewed, funds received by the Climate Change and Emissions Management Fund (CCEMF) were not flowed out to the Climate Change and Emissions Management Corporation in 2014-15, lowering capital grant expense relative to budget and to 2013-14. The $77 million in 2014-15 revenue, from the $15 per ton charge on emissions not offset by other emission-intensity reduction options, was retained in the Fund. In addition, $97 million in prior-year CCEMF expense was reversed and reported as 2014-15 revenue. The Fund thus had $175 million on March 31, 2015, which will be available for renewed climate change strategy initiatives.

SENIORS

Operational expense (excluding debt servicing costs) was $618 million, an increase of $48 million from 2013-14 and $18 million from budget, primarily due to additional funding for housing programs, and losses on disposal of assets.

- Provided $362 million to seniors through the Alberta Seniors Benefit and Special Needs Assistance programs, plus $5 million in low-interest loans through the Property Tax Deferral program.
- Grants of $154 million were delivered to housing providers for seniors and community housing, and $66 million in rent supplements helped low-income households with accommodation costs.

TRANSPORTATION

Operational expense was $1.1 billion, an $84 million increase from 2013-14 and $71 million from budget, mainly from a greater amount of maintenance work being accomplished this year, and to the impact on 2014-15 of the Fort McMurray Land Exchange Agreement, a part of which is now classified as operating expense instead of as a capital grant.

- $431 million allocated to provincial highway maintenance and preservation.
- Introduced a new fee structure for oversize and overweight vehicle permits, based on distance travelled rather than "as the crow flies." The fees increased 5% in 2014-15; the single-trip overweight permit fees are to increase another 10% in 2015-16 and every year after until 2020-21.
- Amendments to the *Enhancing Safety on Alberta Roads Act* give municipalities authority to set times that playground zone speed limits are in effect, and permit designating provincial highway lane use to deal with unique traffic flow conditions.
- Continued development of the *Alberta Traffic Safety Plan 2020*, expected to be released in 2016.

CULTURE AND TOURISM

Operational expense was $293 million, an increase of $24 million from 2013-14, but $11 million lower than estimated in *Budget 2014*.

- 254 grants totalling $30 million under the Alberta Media Fund for screen-based productions, book and magazine publishing and sound recording.
- $64 million in Alberta tourism promotion.
- 930 grants to organizations totalling $23 million under the Community Initiatives Program.
- $24 million to the Alberta Foundation for the Arts for grants to support artists and arts promotion.
- Support for the seventh annual Alberta Culture Days celebration with thousands of Albertans participating in 1,416 events in 98 communities.
- $22 million in sports and recreation funding comprising $19 million for 590 sports grants, including $3 million for the 2019 Canada Winter Games, and $3 million for 57 recreation and physical activity grants.
- $5 million from the Historical Resources Foundation for 155 grants for Alberta heritage promotion and preservation.
- $5 million for heritage properties impacted by the June 2013 flood.

MUNICIPAL AFFAIRS

Operational expense was $292 million in 2014-15, $2.4 billion lower than 2013-14 mostly due to the $2.4 billion in assistance for the June 2013 floods reported in 2013-14. Operational expense was also $15 million lower than budget mainly due to allocating Alberta Community Partnership funds as capital instead of operating grants, and to lower-than-expected 2013 flood assistance, partially offset by an in-year increase of $33 million for disaster recovery and municipal wildfire assistance.

- $29 million in Municipal Sustainability Initiative operating grants, $60 million in grants in place of municipal property taxes which the Crown is exempt from paying, and $17 million for municipal regional collaboration.
- Support to public libraries was $31 million.
- $21 million for ongoing 2013 flood assistance.

JOBS, SKILLS, TRAINING AND LABOUR

Operational expense was $151 million, an increase of $14 million from 2013-14, but $16 million lower than budget, mainly from delayed implementation of labour market programs.

- $71 million was allocated for workforce strategies, including attraction and retention programs, labour qualification and mobility, and aboriginal development partnerships. Initiated the Canada-Alberta Job Grant program.
- Processed 9,683 Alberta Immigrant Nominee Program applications, and issued 5,082 certificates.
- $39 million for Occupational Health and Safety (OHS) programs. 9,600 OHS inspections were conducted and 8,900 orders issued.
- $15 million for Employment Standards programs. 4,700 claims were received and 5,100 investigations completed.
- Adjusted the minimum wage from $9.95 per hour to $10.20, based on the Alberta Consumer Index and average weekly earnings increases.

OTHER MINISTRIES

Other ministry operational expense (excluding debt servicing costs) was $2.8 billion, $290 million lower than in 2013-14, primarily from $205 million less in 2013 flood assistance and a $101 million

lower provision for corporate income tax doubtful accounts. Expense was a net $15 million higher than budget, mainly due to $38 million in increased external investment management fees linked to higher investment income, and a $55 million higher provision for corporate income tax doubtful accounts.

The $2.8 billion consists of $2.6 billion in operating expense, $194 million for amortization, inventory consumption and losses on asset disposals, and $60 million for June 2013 flood assistance.

- $128 million in casino revenue was provided to First Nations through the First Nations Development Fund.
- Implemented the *First Nations Consultation Policy on Land Management and Natural Resource Development* to support the legal duty to consult while providing more certainty for industry.
- Allocated $10 million, as part of an $85 million ten-year commitment, to help Metis Settlements achieve self-sustainability.
- Provided $6 million and 19 mobile trailers to the Lubicon Lake community for housing.
- Supported five municipal submissions under the federal New Building Canada Fund.
- Held forecast consultations with economists of various institutions on Alberta's economic outlook.
- Processed 11,000 benefit claims and 325,000 corporate and commodity tax returns, and recovered $25 million through audits.
- Missions to the US promoted Alberta as an environmentally-responsible, stable, global energy supplier, and articulated Alberta's case for expanded market access.
- Contributed Alberta's perspective to federal international trade negotiations, including the Canada-EU Comprehensive Economic and Trade Agreement and the Trans-Pacific Partnership.
- Filled 15 post-graduate externship positions with 10 host organizations in the US, China, Germany and Switzerland through Alberta Abroad.
- Passed legislation clarifying Land Titles Assurance Fund claims and permitting Alberta businesses to use the Canada Revenue Agency's Common Business Number in accessing provincial and federal programs.
- $60 million for ongoing 2013 flood assistance.

GENERAL DEBT SERVICING COSTS

- General debt servicing costs primarily represent interest paid on: the lending operations of Alberta Capital Finance Authority (ACFA) and Agriculture Financial Services Corporation (AFSC), borrowing undertaken to repay the Teachers' Pension Plan debt, and unmatured debt.
- 2014-15 general debt servicing costs were $361 million, an increase of $1 million from both 2013-14 and budget, due mainly to more borrowing by ACFA, for lending to municipalities which generates offsetting interest revenue.

PENSION PROVISIONS

- Public sector pension plan liabilities decreased by $404 million, to $11.2 billion at March 31, 2015.
- The improvement reflected the impact on most plans of the strong returns financial markets experienced in 2014, and the maturing of the pre-1992 Teachers' Pension Plan (TPP).
- Liabilities for pre-1992 obligations account for 85% of the government obligation, with the pre-1992 TPP unfunded liability accounting for 75%.
- For the purposes of the *Fiscal Management Act*, the annual, non-cash change in pension liabilities is excluded from expense and fiscal framework rules.

Pension Liabilities (at March 31)

Government obligations for pension plan liabilities
(millions of dollars)

	2015	2014
Teachers' Pension Plans		
– Pre-1992 unfunded liability	8,432	8,727
– Post-1992 unfunded liability	637	643
Public Service Mgmt (closed, pre-1992)	595	617
Universities Academic (pre-1992)	314	311
Local Authorities	489	511
Public Service Management (Supplementary)	17	12
Special Forces (pre-1992)	91	95
Members of the Legislative Assembly	46	46
Public Service	249	280
Management Employees	26	63
Provincial Judges and Masters in Chambers	15	16
Supplementary Executive Retirement Plans	-	-
Pension Liabilities (without SUCH)	**10,911**	**11,321**
SUCH - Universities Acad./Supp. retirement	285	279
Total Pension Liabilities	**11,196**	**11,600**

The Capital Plan supported $5.9 billion in projects in 2014-15, $888 million higher than in 2013-14, but a $709 million decrease from the *Budget 2014* estimate.

- The increase from 2013-14 was mainly due to higher budgeted and in-year added school projects, a $400 million increase to the Municipal Sustainability Initiative, and the planned ramping up of post-secondary projects first announced in *Budget 2013*, partly offset by lower flood spending.
- The decrease from budget was mainly due to re-profiling of health, transportation, flood recovery and mitigation, and other projects to future years, due to slower progress, partially offset by school projects and municipal grants added in-year.

Capital Plan

(millions of dollars)

	2014-15		2013-14	Change from 2013-14	
BY MINISTRY	**Budget**	**Actual**	**Actual**	**Budget**	**Actual**
Aboriginal Relations	-	**9**	-	9	9
Agriculture and Rural Development	40	**38**	37	(2)	1
Culture and Tourism	51	**48**	55	(3)	(7)
Education	624	**790**	504	166	286
Energy	175	**79**	139	(96)	(60)
Environment and Sustainable Resource Development	111	**68**	164	(43)	(96)
Health	61	**34**	60	(27)	(26)
Human Services	6	**5**	5	(1)	-
Infrastructure	1,122	**674**	605	(448)	69
Innovation and Advanced Education	246	**248**	70	2	178
Jobs, Skills, Training and Labour	1	**1**	1	-	-
Justice and Solicitor General	135	**96**	56	(39)	40
Municipal Affairs	1,436	**1,869**	1,357	433	512
Seniors	187	**103**	46	(84)	57
Service Alberta	49	**39**	38	(10)	1
Transportation	1,961	**1,633**	1,617	(328)	16
Treasury Board and Finance	27	**30**	38	3	(8)
Legislative Assembly	4	-	5	(4)	(5)
2013 Alberta flood assistance					
Culture and Tourism	2	**1**	1	(1)	-
Education	25	**5**	13	(20)	(8)
Environment and Sustainable Resource Development	35	**57**	175	22	(118)
Infrastructure	24	**1**	-	(23)	1
Municipal Affairs	27	**25**	12	(2)	13
Seniors	5	**4**	-	(1)	4
Transportation	46	**35**	4	(11)	31
Mitigation projects	200	-	-	(200)	-
Total Capital Plan	**6,599**	**5,890**	**5,002**	**(709)**	**888**
Capital Plan Financing					
Revenue received for capital purposes	560	**483**	491	(77)	(8)
Retained income of funds and agencies for capital purposes	169	**138**	50	(31)	88
Book value of capital asset disposals / other	14	**41**	76	27	(35)
Alternative financing (P3s)	206	**199**	332	(7)	(133)
Direct borrowing	4,883	**3,021**	3,824	(1,862)	(803)
Net (deposit) / withdrawal from Capital Plan financing account	-	**673**	229	673	444
Transfer from surplus operational cash	767	**1,335**	-	568	1,335
Total Capital Plan Financing	**6,599**	**5,890**	**5,002**	**(709)**	**888**
Capital Plan Debt Servicing Costs					
Education (Alberta Schools Alternative Procurement P3s)	30	**30**	27	-	3
Transportation (ring road P3s)	72	**72**	65	-	7
Treasury Board and Finance (direct borrowing)	319	**250**	138	(69)	112
Total Capital Plan Debt Servicing Costs	**421**	**352**	**230**	**(69)**	**122**

- Completed renovations of emergency department in Fort McMurray, and addiction treatment facilities in Sherwood Park and Fort McMurray. Continued work on new health facilities in Edson, Grande Prairie, High Prairie, and on major redevelopments in Lethbridge, Medicine Hat, Raymond, Taber, Edmonton and Calgary. Planning continues for the Calgary Cancer project.
- $2.1 billion in municipal support:
  - $1,271 million Municipal Sustainability Initiative grants and $32 million Alberta Community Partnership grants, the latter to support regional collaboration and capacity.
  - $338 million in Basic Municipal Transportation Grants, $214 million under the federal Gas Tax Fund, and $208 million through GreenTRIP for transit systems.
  - $82 million for water supply and treatment, and wastewater systems.
- $784 million for school construction, an increase of $161 million from budget, due to carrying over of projects from 2013-14 and project cash flows. This was $286 million more than 2013-14 due to fully commencing 50 new and 70 modernization projects, and beginning the next phase of 56 new and 21 modernization projects.
- $244 million for post-secondary facilities, including $180 million for projects in Lethbridge, Calgary and Edmonton, $50 million for maintenance and renewal, and $14 million for expansion and upgrading.
- $1.3 billion for the highway network, including:
  - $512 million for the Edmonton and Calgary ring roads. Completed pipeline and utility relocations in Edmonton and substantially completed Nose Hill Drive interchange in Calgary.
  - $335 million for Highway 63, with more than 50 out of 240 kilometres twinned.
  - $275 million for interchanges and other projects, $139 million for rehabilitation of 426 kilometres of roads, and $33 million for bridge projects.
- $71 million for seniors and family housing preservation and renewal, and $11 million for affordable supportive living projects for seniors.
- $12 million in federal ecoTrust initiatives to reduce greenhouse gas emmissions, and $8 million for land conservation. Planned climate change grants did not proceed, pending review and renewal of the Climate Change Strategy.
- $51 million in carbon capture and storage grants, $93 million lower than budget due to construction delays. Total support so far has been $303 million.
- $14 million for maintenance and renewal of parks.
- Lottery funding of $38 million for 459 Community Facility Enhancement projects.
- $3 million for the Medicine Hat Family Leisure Centre, and $3 million for the 2019 Canada Winter Games to be hosted by Red Deer.
- The Edmonton Federal Building is expected to be fully occupied by fall 2015, and the Evan Thomas water treatment facility has been completed. Work continues on the Royal Alberta Museum and the Fort McMurray Parsons Creek development.
- $128 million for flood recovery and mitigation.

CAPITAL PLAN FINANCING

- $483 million in revenue received for capital projects comprised $344 million in federal funding and $139 million from donations, the Fort McMurray Land Exchange Agreement, the Lottery Fund and other sources.
- $138 million of retained income of entities like Alberta Social Housing Corporation, regulatory and other agencies funded their capital spending.
- Capital assets recorded as $41 million on the balance sheet were disposed of, requiring a non-cash impact on the surplus / deficit that creates a cash source of $41 million for the Capital Plan.
- Public-private partnerships primarily for schools and ring roads provided $199 million.
- $3 billion in direct borrowing.
- $673 million from amounts borrowed previously and $1.3 billion from surplus operational cash completed capital spending cash requirements.

CAPITAL DEBT SERVICING COSTS

- Capital Plan debt servicing costs represent interest paid on direct borrowing, set by markets at time of issuance, and alternatively-financed public-private partnerships, set out in contracts.
- 2014-15 debt servicing costs were $352 million, $122 million higher than in 2013-14, due to the increase in the amount of direct debt, but were $69 million less than budget due to borrowing $1.9 billion less than expected.

Revenue

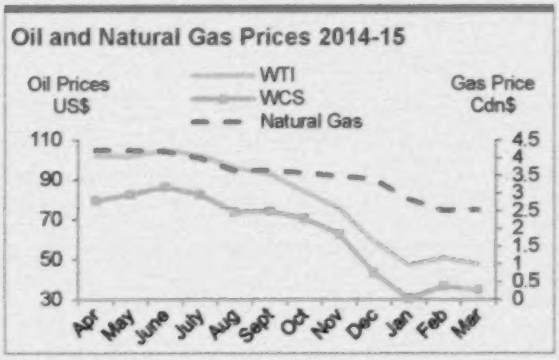
(millions of dollars)	2014-15 Budget	2014-15 Actual	2013-14 Actual	Change from 2014-15 Budget	Change from 2013-14 Actual
Income Taxes					
Personal income tax	11,153	11,042	10,537	(111)	505
Corporate income tax	5,495	5,796	5,488	301	308
	16,648	**16,838**	**16,025**	**190**	**813**
Other Taxes					
Education property tax	1,902	1,888	1,860	(14)	28
Tobacco tax	930	896	922	(34)	(26)
Fuel tax	965	944	925	(21)	19
Insurance taxes	381	393	359	12	34
Freehold mineral rights tax	134	172	146	38	26
Tourism levy	90	91	87	1	4
	4,402	**4,384**	**4,299**	**(18)**	**85**
Non-Renewable Resource Revenue					
Bitumen royalty	5,579	5,049	5,222	(530)	(173)
Crude oil royalty	2,019	2,245	2,476	226	(231)
Natural gas and by-products royalty	823	989	1,103	166	(114)
Bonuses and sales of Crown leases	623	476	588	(147)	(112)
Rentals and fees	153	173	173	20	-
Coal royalty	12	16	16	4	-
	9,209	**8,948**	**9,578**	**(261)**	**(630)**
Transfers from Government of Canada					
Canada Health Transfer	3,731	3,601	2,612	(130)	989
Canada Social Transfer	1,463	1,452	1,410	(11)	42
Agriculture support programs	332	288	272	(44)	16
Labour market agreements	119	174	186	55	(12)
Infrastructure support	348	341	317	(7)	24
2013 Alberta flood assistance	-	(423)	1,582	(423)	(2,005)
Other	241	228	350	(13)	(122)
	6,234	**5,661**	**6,729**	**(573)**	**(1,068)**
Investment Income					
Alberta Heritage Savings Trust Fund	1,604	1,825	2,272	221	(447)
Endowment funds	277	354	393	77	(39)
Alberta Capital Finance Authority	278	288	278	10	10
Contingency Account	110	116	80	6	36
Agriculture Financial Services Corporation	124	132	118	8	14
Other	79	87	84	8	3
	2,472	**2,802**	**3,225**	**330**	**(423)**
Net Income from Government Business Enterprises					
AGLC – Gaming / lottery	1,483	1,526	1,484	43	42
AGLC – Liquor	745	767	747	22	20
Alberta Treasury Branches	310	325	280	15	45
Other	28	47	30	19	17
	2,566	**2,665**	**2,541**	**99**	**124**
Premiums, Fees and Licences					
Motor vehicle licences	515	516	492	1	24
Crop, hail and livestock insurance premiums	343	307	379	(36)	(72)
Energy industry levies	260	292	215	32	77
Land titles	88	91	86	3	5
Land and grazing	69	73	75	4	(2)
Supplementary health benefits premiums	53	48	50	(5)	(2)
Other	416	458	412	42	46
	1,744	**1,785**	**1,709**	**41**	**76**
Other					
AIMCo investment management charges	225	264	248	39	16
Fines and penalties	136	146	137	10	9
Refunds of expense	141	1,106	205	965	901
Climate change and emissions management	60	77	106	17	(29)
Miscellaneous	521	606	491	85	115
	1,083	**2,199**	**1,187**	**1,116**	**1,012**
Total Revenue	**44,354**	**45,282**	**45,293**	**928**	**(11)**

TOTAL REVENUE

- Total 2014-15 revenue on the Fiscal Plan basis was $45.3 billion. This was almost identical to 2013-14 revenue but $928 million higher than budget.
- Increases from 2013-14 were primarily from tax, gaming, liquor and fee revenue, and reductions to 2013-14 expense accruals, mainly related to 2013 flood assistance, that under accounting policy is reported as revenue (in "Other - Refunds of expense"). These were offset by lower resource revenue, investment income and federal government transfers, the latter primarily because all expected federal revenue for flood assistance was included in 2013-14 revenue.
- The increase from budget was due mainly to higher corporate income tax, gaming and liquor revenue, investment income and the prior-year expense reversals, partly offset by lower personal income tax and resource revenue, and federal transfers.

NON-RENEWABLE RESOURCE REVENUE

- Non-renewable resource revenue was $8.9 billion, $630 million lower than in 2013-14 and $261 million lower than estimated in *Budget 2014*.
- The decline in resource revenue was almost entirely due to the sharp drop in oil prices, which began the fiscal year well above forecast. The West Texas Intermediate (WTI) price fell from a high of US$107 per barrel in June 2014 to mid-$40 per barrel in January 2015. Acceleration of global supply growth, mainly from increasing North American production, weakening demand growth, due mainly to deceleration of developing economies and uncertainty with European prospects, and other geopolitical demand and supply dynamics, all contributed to precipitating the slide. OPEC's decision in November to maintain its production level and force other higher-cost suppliers to cut production with depressed prices, deepened the drop.



- WTI averaged US$80.48 per barrel, $14.74 below the *Budget 2014* estimate and $18.57 lower than 2013-14. Bitumen prices were also below budget, but not to the same extent. Western Canadian Select (WCS) averaged Cdn$70.78 per barrel, $6.40 less than budget and $9.33 less than in 2013-14. Expanded access to markets and refinery demand narrowed the light-heavy differential, which at US$17.30 was almost US$8 less than anticipated in the budget.
- The US-Canadian dollar exchange rate averaged US¢88/Cdn$ in 2014-15, 3 cents lower than the *Budget 2014* estimate, in part due to the decision by the Bank of Canada to cut interest rates 25 basis points in January 2015. A lower exchange rate increases oil and natural gas royalty revenue.
- As a result of the strong oil prices in the first half of the fiscal year and the lower exchange rate, the impact of the collapse in oil prices on royalty revenue was diminished. Bitumen royalties of $5 billion were $173 million lower than 2013-14 and $530 million lower than budget. Conventional oil royalties of $2.2 billion were $231 million lower than 2013-14, but were $226 million higher than the budget, largely as the revenue impact of some royalty features decrease with lower prices.
- Similarly, natural gas prices were above budget for the first half of the fiscal year, as cold weather to start 2014 increased demand and lowered storage levels. Increasing US production, a calm hurricane

Energy Prices and Exchange Rates

Fiscal year averages, 2002-03 to 2014-15

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Oil Price (WTI US$/bbl)	29.04	31.38	45.03	59.94	64.89	82.25	85.94	70.71	83.38	97.33	92.07	99.05	80.48
WCS @ Hardisty (Cdn$/bbl)	-	-	-	44.35	52.84	59.30	74.36	66.08	66.70	80.72	68.48	80.11	70.78
Natural Gas Price (Cdn$/GJ)	4.72	5.45	6.05	8.29	5.94	5.92	6.97	3.58	3.28	2.98	2.28	3.28	3.51
Exchange rate (US¢/Cdn$)	64.6	74.0	78.4	83.9	87.9	97.1	89.6	91.9	98.4	100.7	99.9	95.0	88.0

season and warm 2014-15 winter depressed prices. The Alberta Reference Price averaged Cdn$3.51 per gigajoule for 2014-15, 22 cents above budget, resulting in higher natural gas royalties. By-product prices were weak as they track oil prices, and this partly offset the higher gas royalties. Natural gas and by-product royalties were $1 billion, $166 million higher than budget. They were $114 million lower than 2013-14, mainly due to a negative swing in annual prior-year adjustments.

- Crown land lease sales revenue was $476 million, down $147 million from budget and $112 million from 2013-14, due mainly to a lower number of hectares sold, and lower prices per hectare.

TAX REVENUE

- Total tax revenue was $21.2 billion, an increase of $898 million from 2013-13 and $172 million from the *Budget 2014* estimate.
- Personal income tax revenue was $11 billion, an increase of $505 million from 2013-14, due to population and income growth, but a decrease of $111 million from budget, due to a reduction in estimated primary household income growth. This is partly offset by higher assessments of 2013 taxes that mean revenue reported in 2012-13 and 2013-14 was underestimated, elevating the base for forecasting 2014-15 revenue and requiring a positive prior years' adjustment of $91 million.
- Corporate income tax revenue was $5.8 billion, $308 million higher than in 2013-14 and $301 million higher than budget, primarily from Alberta's continued strong economic performance to start 2014. Solid consumer, residential construction and machinery export sectors, coupled with stable costs partly tied to an expanding population and labour force, buoyed corporate profitability.
- Other tax revenue was $4.4 billion, an increase of $85 million from 2013-14 but $18 million lower than budget. The decrease from budget was mainly due to lower tobacco and fuel consumption, and adjustments required as tobacco tax revenue reported in 2013-14 was too high.

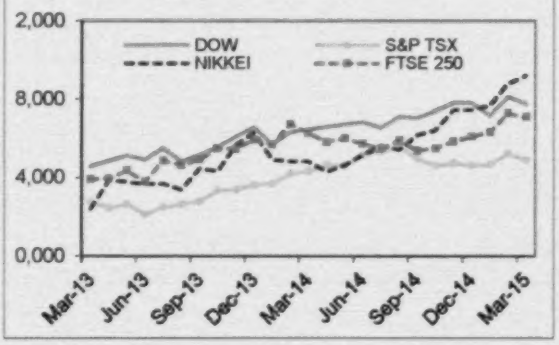
TRANSFERS FROM GOVERNMENT OF CANADA

- $5.7 billion, $1.1 billion lower than 2013-14. The decrease is mainly due to the $1.6 billion in estimated 2013 flood assistance that was reported in 2013-14, partly offset by a $989 million increase in the Canada Health Transfer mainly from moving to a per capita calculation of Alberta's cash entitlement.

INVESTMENT INCOME

- Investment income was $2.8 billion, $423 million lower than 2013-14, when income was Alberta's second highest ever. The strong global equity markets continued into 2014. Realization of gains embeded from 2013-14 in Heritage and endowment funds carried over into 2014-15. 2014-15 income was $330 million above budget.

Global Equity Markets 2013-15



OTHER REVENUE

- Other revenue was $6.7 billion, $1.2 billion higher than 2013-14 and $1.3 billion higher than budget.
- The increases are primarily due to significant amounts reported in 2014-15 revenue to account for revisions to prior-year reported expense. This relates mainly to $2.8 billion of 2013 flood assistance eligible under the federal-provincial disaster program included in 2013-14 expense, which is now estimated to be $756 million lower.
- Many of the other revenue sources have increased from 2013-14 and budget due to the impact of population and economic growth. The higher investment management charges relate to strong investment returns, and industry levies are up due to elevated Alberta Energy Regulator costs.
- Lower spring commodity prices reduced agriculture insurance premiums.
- "Other - Miscellaneous" revenue has increased from 2013-14 and budget mainly due to more eligible drugs and a faster-than-expected implementation of the new pharmaceutical Product Listing Agreement, capital donations, and a gain on the sale of the Ridley Grain terminal.

ECONOMIC HIGHLIGHTS

(On Calendar Year Basis)

The Alberta economy continued to perform strongly in 2014, with estimated growth of 4.4%, the fifth consecutive year above 4%. The sharp decline in oil prices during the last quarter dampened activity and slowed the economy's momentum though.

The West Texas Intermediate (WTI) oil price began 2014 at close to US$100 per barrel in January, remained above US$90 until September and then tumbled to around US$55 by year end. WTI averaged US$93 per barrel in 2014.

The Western Canadian Select (WCS) price, the benchmark for oil sands heavy oil blends, fared slightly better, buoyed by strong refinery demand for heavy crude, and increased pipeline and rail access to markets. WCS averaged US$74 per barrel in 2014. The WTI-WCS differential therefore narrowed during 2014, averaging US$19 per barrel.

Business activity expanded, with international goods exports from Alberta rising 18%, oil production increasing 9% and net new natural gas production growing over 4%, the highest rate since 1995. Natural gas production was boosted by a jump in prices early in the year with cold weather in eastern North America. Forestry and agriculture sectors were also strong, contributing to a 7.6% increase in manufacturing shipments, led by food, petroleum and coal, chemicals, and machinery and equipment products. The drop in oil prices led to a tapering of manufacturing shipments at the end of 2014.

Real investment in non-residential building increased 5% in 2014, the highest rate since 2008, driven by a 6.8% jump in commercial investment. Construction prices remained contained despite strong activity.

Alberta's labour market strength continued in 2014. Employment grew 2.2%, with 48,400 jobs added, and the unemployment rate held steady at 4.7%. Average weekly earnings rose 3.7%, while primary household income is estimated to have increased by 6.4%. The significant contribution of the consumer sector to Alberta's economic growth, which has been prevalent for half a decade, persisted, with retail sales up over 7%.

Population growth was 2.9% in 2014, similar to the 3% experienced in 2013. There were 42,478 net international and 38,717 net interprovincial migrants who came to Alberta in 2014.

Demand for housing stayed vigorous, boosting residential investment and prices. Housing starts increased to 40,600, up 12.7% from 2013. Much of the activity was in Calgary, where price gains were largest and starts grew by a third. Calgary's market cooled significantly late in the year with the fall in oil prices.

Consumer prices rose 2.6% in 2014, driven largely by shelter costs which were up 4%. Excluding shelter, inflation was near the historic average of 2%. The cost of owning a home jumped 3.8%, because of higher prices, but also due to increased insurance costs. Food was also more expensive, with prices for fresh fruit, vegetables and meat increasing noticeably.

NET FINANCIAL AND CAPITAL ASSETS

At March 31, 2015, on the **Fiscal Plan basis**, Government of Alberta financial and capital assets exceeded liabilities by $46.4 billion.

This was $1.4 billion higher than March 31, 2014. A reduction of $1.1 billion in net financial assets, mainly due to a $3.2 billion increase in Capital Plan liabilities partly offset by a net $2.1 billion increase in savings in the Contingency Account, Heritage Fund, endowment funds, and ATB equity, is offset by a net $2.6 billion increase in capital assets.

FINANCIAL ASSETS

$56.7 billion at March 31, 2015.

- **Heritage Fund.** $15 billion book value, a decrease of $45 million from March 31, 2014, resulting from inflation-proofing less transfers to the Scholarship Fund and Access to Future Fund.
- **Contingency Account.** $6.5 billion, an increase of $1.9 billion from March 31, 2014. Additional cash of $1.7 billion from the improved 2014-15 fourth quarter results, reported in "Other financial assets" at March 31, 2015, will be deposited into the Contingency Account in 2015-16, bringing the Account balance to almost $8.3 billion.
- **Endowment and other funds.** $3.9 billion, a $357 million increase from March 31, 2014, from net investment income and a $200 million transfer into the Scholarship Fund from the Heritage Fund. Includes the three endowment funds, Cancer Prevention Legacy Fund and Alberta Enterprise Corporation.
- **Self-supporting lending organizations.** $19.2 billion in financial assets of Alberta Capital Finance Authority and Agriculture Financial Services Corporation. These assets more than offset the liabilities of these organizations.
- **Equity in commercial enterprises.** $4 billion, primarily equity in Alberta Treasury Branches.
- **Capital Plan financing account.** The assets of $673 million were withdrawn for capital spending in 2014-15.
- **Capital Plan Debt Repayment Account.** The $34 million from 2013-14 was used for debt repayment in 2014-15.
- **Other financial assets.** $8.2 billion. This includes the $1.7 billion that will be deposited in the Contingency Account after March 31, 2015. The remaining $6.5 billion represents accounts and interest receivable, natural gas royalty deposits, student loans and cash associated with future liabilities such as corporate income tax refunds.

LIABILITIES

$36.6 billion at March 31, 2015.

- **Self-supporting lending organizations.** $17.3 billion in liabilities of Alberta Capital Finance Authority and Agriculture Financial Services Corporation are more than offset by their $19.2 billion in financial assets.
- **Liabilities for capital projects.** $11.9 billion, a $3.2 billion increase from March 31, 2014, due to the addition of $199 million in P3 project liabilities, less $39 million in principal repayments, and $3 billion in direct borrowing.
- **Accounts and interest payable and other liabilities.** $7.4 billion. Includes natural gas royalty and security deposits, unearned revenue and trade payable and liabilities.

CAPITAL ASSETS

$26.3 billion at March 31, 2015.

- Includes land and land improvements, buildings, computer hardware and software, equipment, provincial highways, bridges, dams and other water management infrastructure.
- Capital assets increased by a net $2.6 billion in 2014-15.

CONSOLIDATED FINANCIAL STATEMENTS BASIS

At March 31, 2015, on the **Consolidated Financial Statements basis,** net assets were $55.3 billion. The broader basis includes the addition of:

- $9.3 billion in **financial assets,** and $18.5 billion in **capital / non-financial assets**, of SUCH sector entities and Alberta Innovates corporations;
- $5.2 billion in **liabilities** of SUCH sector entities and Alberta Innovates corporations;
- $11.2 billion in **pension liabilities**;
- $2.6 billion in **deferred capital contributions** (see page 20 for more information on the accounting change for transfers received for capital purposes).

Balance Sheet

(millions of dollars)

	at March 31		
	2015 Actual	2014 Actual	Change from 2014
Financial Assets			
Heritage Fund equity	**14,961**	15,006	(45)
Contingency Account	**6,529**	4,658	1,871
Endowment and other funds	**3,913**	3,556	357
Self-supporting lending organizations:			
Alberta Capital Finance Authority	**15,062**	14,250	812
Agriculture Financial Services Corporation	**4,090**	3,955	135
Equity in commercial enterprises	**3,998**	3,415	583
Capital Plan financing account	**-**	673	(673)
Capital Plan Debt Repayment Account	**-**	34	(34)
Other financial assets	**8,190**	8,541	(351)
Total Financial Assets	**56,743**	**54,088**	**2,655**
Liabilities			
Self-supporting lending organizations:			
Alberta Capital Finance Authority	**15,062**	14,250	812
Agriculture Financial Services Corporation	**2,240**	2,108	132
Liabilities for capital projects – alternative financing (P3s)	**2,629**	2,470	159
Liabilities for capital projects – direct borrowing	**9,293**	6,254	3,039
Accounts and interest payable and other liabilities	**7,367**	7,729	(362)
Liabilities	**36,591**	**32,811**	**3,780**
Net Financial Assets (total financial assets less liabilities)	**20,152**	**21,277**	**(1,125)**
Capital Assets	**26,267**	**23,707**	**2,560**
Net Assets on Fiscal Plan basis (net financial assets plus capital assets)	**46,419**	**44,984**	**1,435**
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS			
SUCH sector / Alberta Innovates corporations financial assets	**9,334**	9,171	163
SUCH sector / Alberta Innovates corporations non-financial assets	**18,486**	19,525	(1,039)
SUCH sector / Alberta Innovates corporations liabilities	**(5,236)**	(5,816)	580
Pension liabilities	**(11,196)**	(11,600)	404
Deferred capital contributions [a]	**(2,556)**	(2,393)	(163)
	8,832	**8,887**	**(55)**
Net Assets on Consolidated Financial Statements basis [b]	**55,251**	**53,871**	**1,380**

[a] Accounting policy for recognizing transfers received for capital purposes changed effective April 1, 2012. In 2014-15: 1) $298 million in cash was received and a total of $318 million in cash was spent but reported as an increase to spent deferred capital contributions (DCC), rather than in revenue; 2) $155 million in previously-received transfers was removed from DCC and reported as revenue to match related assets' amortization expense; 3) no prior-period adjustment to spent DCC was required this year. As a result, spent DCC increased by a net $163 million ($318 less $155). More details are in the following "Fiscal Plan to Consolidated Financial Statements" section, and Schedule 12, p. 67.

[b] Change in Net Assets from 2013-14 of $1,380 million differs from $1,115 million surplus by a $265 million net assets adjustment (see Note 12, p. 50).

FISCAL PLAN TO CONSOLIDATED FINANCIAL STATEMENTS REPORTING RECONCILIATION

The audited **Consolidated Financial Statements** in the Annual Report follow Canadian public sector accounting standards. While not required to, the **Fiscal Plan** documents, including the budget, generally follow the standards. There are several reporting differences. The Fiscal Plan basis:

- excludes change in valuation of pension liabilities;
- does not consolidate SUCH sector entities, Alberta Innovates corporations or the Alberta Environmental Monitoring, Evaluation and Reporting Agency;
- does not defer recognition of revenue transferred for capital purposes, but reports it as it is spent.

Since the early 1990s, the **change in pension liabilities** has been excluded from expense for the Fiscal Plan basis. It is typically a significant non-cash expense, is based on actuarial evaluations, assumptions and investment returns, and is largely not subject to policy decision-making.

Only the grants provided to **Crown-controlled SUCH sector entities** (school boards, universities and colleges, and health entities) are included in expense

for the Fiscal Plan basis. This has been considered appropriate for budgeting as decision-makers only determine the amount of grants and have been evaluated for balancing the budget on this basis. The SUCH sector entities have varying degrees of autonomy to manage their budgets, once they receive the grants, to manage their assets and liabilities, and to raise some revenue themselves.

For the Consolidated Financial Statements basis, the SUCH sector has been included in government reporting since 2005-06. The broader reporting scope is relevant for the Consolidated Financial Statements since these entities are determined to be "controlled," and how they spend the grants provided, their results of operations and their overall net value are important for transparency and accountability purposes.

Beginning in 2009-10, the SUCH sector has been reported in the Consolidated Financial Statements on a **"line-by-line" basis**. This means:

- First, the remaining amount of capital grants to the SUCH sector that are still included in expense on the Fiscal Plan basis ($13 million in 2014-15) are removed from expense, and become capital investment in "government-owned assets." The costs of acquisition are expensed over time as the assets age (amortization expense).
- Second, the SUCH sector amortization of capital assets expense is added to expense.
- Third, government revenue is adjusted to "deferred capital contributions" accounting treatment.
- Finally, revenue, non-amortization expense, assets and liabilities, including deferred capital contributions, are directly added to government revenue, expense, assets and liabilities.

Also starting in 2009-10, the four **Alberta Innovates corporations**, were excluded from the government reporting entity for Fiscal Plan purposes, to improve flexibility for multi-year research-grant recipients The financial results are included on the line-by-line basis in the Consolidated Financial Statements. In 2014-15, the **Alberta Environmental Monitoring, Evaluation and Reporting Agency** was also excluded, to establish its independence.

Effective April 1, 2012, the government changed its accounting policy for recording **transfers received for capital purposes and donated capital assets**. Rather than being recorded as revenue when the cash is used for capital asset acquisition or the asset donated, a **"deferred capital contribution"** is recorded, similar to a liability, when cash or asset is received, and revenue is recognized over the related asset's useful life. The Fiscal Plan basis continues to record these as revenue when cash is spent or the asset is donated.

An explanation of the differences between the Fiscal Plan and Consolidated Financial Statements follows.

FISCAL SUMMARY

Revenue

- On the Fiscal Plan basis, total 2014-15 revenue was $45.3 billion. The SUCH sector and Alberta Innovates corporations had additional "own-source" revenue of $4.3 billion, including:
  - $1.1 billion in post-secondary tuition fees;
  - $0.8 billion in sales, rentals and fees, consisting of revenue from parking operations, book stores, food services, facility rentals, equipment sales, professional services and various other sources;
  - $0.7 billion in donations, gifts and fundraising;
  - $0.7 billion in fees, mainly in the health sector, such as from WCB, non-Alberta patients or Emergency Medical Services, and school boards;
  - $0.4 billion in direct federal government transfers for advanced education and First Nation education programs;
  - $0.3 billion of investment income;
  - $0.2 billion of opted-out school board property tax revenue;
  - $0.1 billion of Alberta Innovates revenue.
- Adding this revenue, and adjusting Fiscal Plan revenue for "deferred capital contributions" (a net decrease of $0.1 billion), the Consolidated Financial Statements total revenue is $49.5 billion.

Expense

- On the Fiscal Plan basis, total 2014-15 expense was $43.9 billion.
- Amortization expense of SUCH capital assets, less capital grants of $13 million, adds $1.4 billion.
- SUCH sector and Alberta Innovates corporations had additional net expense of $3.5 billion. This reflects the spending of their own-source revenue, for example, on education services, the costs of goods sold or services provided for fees.

- Pension provisions of negative $0.4 billion (value of the liabilities decreased in 2014-15) are added.
- Adding these amounts, Consolidated Financial Statements total expense is $48.4 billion.

Surplus / (Deficit)

- The Fiscal Plan basis 2014-15 surplus was $1.4 billion. After adding the additional net revenue and expense, the Consolidated Financial Statements basis surplus was $1.1 billion.

BALANCE SHEET

Assets

- On the Fiscal Plan basis, at March 31, 2015, the Government of Alberta had total financial assets of $56.7 billion and capital assets of $26.3 billion.
- SUCH sector and Alberta Innovates corporations had additional financial assets of $9.3 billion, and additional capital / non-financial assets of $18.5 billion, consisting mainly of buildings.
- Adding these financial and capital assets, on the Consolidated Financial Statements basis, at March 31, 2015, the Government of Alberta had total financial assets of $66.1 billion and capital / non-financial assets of $44.8 billion.

Liabilities / Deferred Capital Contributions

- On the Fiscal Plan basis, at March 31, 2015, the Government of Alberta had total liabilities of $36.6 billion.
- SUCH sector and Alberta Innovates corporations had additional liabilities of $5.2 billion, mainly accounts payable, while pension liabilities amounted to $11.2 billion, at March 31, 2015.
- Deferred capital contributions on March 31, 2015 were $2.6 billion.
- Adding these liabilities and deferred capital contributions, on the Consolidated Financial Statements basis, at March 31, 2015, the Government of Alberta had total liabilities and deferred capital contributions of $55.6 billion.

Reconciliation Summary

FISCAL SUMMARY (Consolidated Statement of Operations)

(billions of dollars)

	2014-15	2013-14
Revenue – Fiscal Plan basis	45.3	45.3
Adjustment for deferred capital contributions	(0.1)	(0.1)
Add: SUCH / Alberta Innovates corporation own-source revenue	4.3	4.2
Revenue – Consolidated Financial Statements basis	49.5	49.4
Expense – Fiscal Plan basis	43.8	44.5
Adjustment for capital spending	1.4	1.1
Add: SUCH / Alberta Innovates corporation net expense	3.5	3.3
Add: pension provisions	(0.4)	0.7
Expense – Consolidated Financial Statements basis	48.3	49.7
Surplus/(Deficit) – Consolidated Financial Statements basis	1.1	(0.3)

BALANCE SHEET (Consolidated Statement of Financial Position)

(billions of dollars)

	at March 31	
	2015	2014
Financial Assets – Fiscal Plan basis	56.7	54.1
Add: SUCH / Alberta Innovates corporation financial assets	9.3	9.2
Financial Assets – Consolidated Financial Statements basis	66.1	63.3
Capital Assets – Fiscal Plan basis	26.3	23.7
Add: SUCH / Alberta Innovates corporation non-financial assets	18.5	19.5
Capital / Non-financial Assets – Consolidated Financial Statements basis	44.8	43.2
Liabilities – Fiscal Plan basis	(36.6)	(32.8)
Add: SUCH / Alberta Innovates corporation liabilities	(5.2)	(5.8)
Add: pension liabilities	(11.2)	(11.6)
Liabilities – Consolidated Financial Statements basis	(53.0)	(50.2)
Deferred capital contributions	(2.6)	(2.4)
Net Assets – Consolidated Financial Statements basis	55.3	53.9

Historical Fiscal Summary, 1995-96 to 2014-15 [a]

(Fiscal Plan basis [b] – millions of dollars)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Income Statement																				
Revenue																				
1 Personal income tax	3,177	3,445	3,877	4,601	5,100	3,943	4,183	4,834	4,613	4,649	4,677	7,622	8,271	8,708	7,877	7,631	8,563	9,621	10,537	11,042
2 Corporate income tax	1,332	1,407	1,849	1,659	1,255	2,023	2,229	2,019	1,696	2,364	2,917	3,606	4,695	4,252	4,754	3,334	3,678	4,756	5,488	5,796
3 Education property tax	1,205	1,169	1,212	1,118	1,128	1,151	1,094	1,113	1,178	1,247	1,283	1,330	1,393	1,466	1,532	1,589	1,660	1,776	1,860	1,888
4 Other tax revenue	1,112	1,157	1,218	1,178	1,241	1,386	1,469	1,633	1,838	1,918	1,990	2,138	2,180	2,175	2,029	2,040	2,241	2,345	2,439	2,496
5 Resource revenue	2,786	4,034	3,778	2,368	4,650	10,586	6,227	7,130	7,676	9,744	14,347	12,260	11,024	11,915	6,768	8,428	11,636	7,779	9,578	8,948
6 Investment income	1,724	1,616	1,747	1,610	1,906	1,353	788	(462)	1,838	1,812	2,348	3,013	2,414	(1,917)	3,413	2,360	2,059	2,490	3,225	2,802
7 Other own-source revenue	2,431	2,473	2,890	2,950	3,183	3,272	3,672	4,321	4,122	4,375	4,588	4,971	5,144	5,027	4,344	4,627	4,929	5,185	5,437	6,649
8 Total own-source revenue	13,767	15,301	16,571	15,484	18,463	23,714	19,662	20,588	22,961	26,109	32,150	34,940	35,121	31,626	30,717	30,009	34,766	33,952	38,564	39,621
9 Federal transfers	1,748	1,351	1,183	1,335	1,640	1,813	2,264	2,074	2,926	3,219	3,392	3,077	3,048	4,185	4,941	5,025	4,777	4,804	6,729	5,661
10 **Total Revenue**	**15,515**	**16,652**	**17,754**	**16,819**	**20,103**	**25,527**	**21,926**	**22,662**	**25,887**	**29,328**	**35,542**	**38,017**	**38,169**	**35,811**	**35,658**	**35,034**	**39,543**	**38,756**	**45,293**	**45,282**
Expense by Function																				
11 Health	3,773	4,006	4,401	4,660	5,341	5,946	6,846	6,917	7,646	9,059	9,709	10,880	12,286	13,107	13,180	15,034	15,562	16,529	17,091	18,131
12 Basic / advanced education	3,713	3,738	4,081	4,241	4,735	5,040	6,099	5,461	5,854	6,370	6,900	7,817	8,886	9,411	9,538	9,276	9,271	9,311	9,095	9,385
13 Social services	1,456	1,511	1,564	1,560	1,668	1,790	1,942	2,108	2,272	2,438	2,707	2,879	3,117	3,418	3,807	4,130	4,278	4,641	4,762	4,638
14 Other program expense	3,739	3,446	3,727	3,885	4,612	5,200	5,184	5,567	5,708	5,984	7,427	7,716	9,085	10,519	9,802	9,532	9,956	10,605	13,000	10,979
15 Total program expense	12,681	12,701	13,773	14,346	16,356	17,976	20,071	20,053	21,480	23,851	26,743	29,292	33,374	36,455	36,327	37,972	39,067	41,086	43,948	43,133
16 Debt servicing costs	1,683	1,462	1,322	1,379	956	980	774	476	271	302	248	215	214	208	363	472	499	512	590	714
17 **Total Expense**	**14,364**	**14,163**	**15,095**	**15,725**	**17,312**	**18,956**	**20,845**	**20,529**	**21,751**	**24,153**	**26,991**	**29,507**	**33,588**	**36,663**	**36,690**	**38,444**	**39,566**	**41,598**	**44,538**	**43,847**
18 **Surplus / (Deficit)**	**1,151**	**2,489**	**2,659**	**1,094**	**2,791**	**6,571**	**1,081**	**2,133**	**4,136**	**5,175**	**8,551**	**8,510**	**4,581**	**(852)**	**(1,032)**	**(3,410)**	**(23)**	**(2,842)**	**755**	**1,435**
19 Capital Plan [c]	939	821	1,310	1,256	1,878	2,091	2,860	997	1,659	2,842	3,743	4,769	6,971	7,593	6,528	5,889	5,871	5,087	5,002	5,890
Balance Sheet (at March 31)																				
20 Net Financial Assets (Debt)	(6,255)	(3,728)	(1,089)	(63)	2,654	9,042	9,814	11,696	15,607	20,395	28,318	36,047	39,410	36,954	33,017	28,114	26,728	22,741	21,277	20,152
21 Capital Assets	7,411	7,292	7,215	7,218	7,259	8,002	10,141	10,309	10,534	10,921	11,562	12,429	14,140	15,848	17,532	18,975	20,342	21,488	23,707	26,267
22 **Net Assets / (Debt)** [d]	**1,156**	**3,564**	**6,126**	**7,155**	**9,913**	**17,044**	**19,955**	**22,005**	**26,141**	**31,316**	**39,870**	**48,476**	**53,550**	**52,802**	**50,549**	**47,089**	**47,070**	**44,229**	**44,984**	**46,419**

[a] Numbers are not strictly comparable due to numerous accounting policy changes over time. Examples include reporting certain items (transfers through the tax system, crude oil marketing and transportation costs, allowance for corporate income tax doubtful accounts) as expense, instead of netting the amounts from related revenue, increasing both revenue and expense, but not impacting the surplus / (deficit).

[b] The Fiscal Plan basis excludes revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities (school boards, universities, colleges and health entities), Alberta Innovates corporations and the Alberta Environmental Monitoring, Evaluation and Reporting Agency, pension liabilities and the expense related to the annual change in pension liabilities.

[c] Reflects capital grants and other support included in expense, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense. Beginning April 1, 2013, infrastructure assets of the SUCH sector funded by Fiscal Plan grants for which construction is commencing or is less than 50% completed, are included as Fiscal Plan capital assets.

[d] The change in net assets / (debt) year over year does not match the surplus / (deficit) exactly in most years, due to various balance sheet adjustments, most of which are minor. Several of significance in this table's time period include increases in net assets that exceeded surpluses due to the transfer of highways from municipalities to the Province (2000-01: $0.6 billion; 2001-02: $1.8 billion) and to reclassification of highway rehabilitation projects (2007-08: $0.5 billion); a decrease in net assets that exceeded the deficit due to borrowing to repay the pre-1992 Teacher's Pension Plan liability (2009-10: $1.2 billion – the offsetting reduction to the TPP liability is not included, as pension liabilities are excluded from the Fiscal Plan basis).

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Financial Statements of the Province of Alberta

Year Ended March 31, 2015

INTRODUCTION

The financial statements of the Province of Alberta are a consolidation of ministry financial statements, which themselves are a consolidation of the financial statements of departments, regulated funds, provincial agencies, Crown-controlled corporations, SUCH sector organizations and Crown-controlled research institutions, for which separate or summary financial statements are presented in ministry annual reports. SUCH is an acronym for schools, universities, colleges and hospitals. However, the term "Crown-controlled SUCH sector organizations" is used to describe a much broader list of organizations, including school boards, technical institutes, Alberta Health Services and other health entities. A listing of these organizations is provided in Schedule 14 of the financial statements.

The method of consolidation is described in the Accounting Policies note (Note 1) that forms part of the financial statements.

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to the *Financial Administration Act*. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, and of necessity include some amounts that are based on estimates and judgements. As required by the *Fiscal Management Act*, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the *Financial Administration Act*, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, provincial agencies, Crown-controlled corporations, schools, universities, colleges, technical institutes, Alberta Health Services and other health entities from ministries as necessary.

The consolidated financial statements are reviewed by the Provincial Audit Committee established under the *Auditor General Act*. The Provincial Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the consolidated financial statements of the Province.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements. The duties of the Auditor General in that respect are contained in the *Auditor General Act*.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

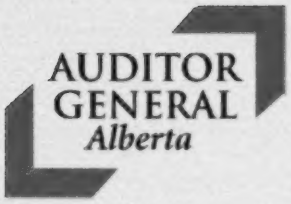
Approved by:

Ray Gilmour, MBA, CMA, BSA, ICD.D
Deputy Minister of Treasury Board and Finance

Darwin Bozek, CGA
Controller

Edmonton, Alberta
June 22, 2015

Independent Auditor's Report



To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Province of Alberta which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Alberta as at March 31, 2015, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

I draw attention to Note 1(b) and Note 5 of the consolidated financial statements that describe the constructed budget included on the consolidated statement of operations and consolidated statement of change in net financial assets. My opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General
June 22, 2015
Edmonton, Alberta

Consolidated Statement of Operations

Year Ended March 31

	2015		2014
	Constructed Budget [a] (Notes 1(b) and 5)	Actual	Actual
	In millions		
Revenues (Schedule 1)			
Income taxes	$ 16,647	$ 16,838	$ 16,023
Other taxes	4,606	4,598	4,500
Non-renewable resource revenue	9,209	8,948	9,578
Transfers from Government of Canada	6,704	6,405	5,477
2013 Alberta flood assistance (Note 6)	-	(423)	1,582
Net income from government business enterprises (Schedule 6)	2,566	2,665	2,541
Net investment income	2,612	3,113	3,423
Premiums, fees and licences	3,502	3,564	3,437
Other	2,679	3,773	2,873
	48,525	49,481	49,434
Expenses by function (Schedules 2 and 3)			
Health	19,051	19,366	17,967
Education	12,994	13,103	12,782
Social services	4,654	4,548	4,668
General government	1,939	2,289	2,303
Agriculture, resource management and economic development	2,492	2,236	2,217
Regional planning and development	1,771	2,152	1,142
Protection of persons and property	1,659	1,792	1,737
Transportation, communications and utilities	1,428	1,419	1,806
Recreation and culture	343	347	324
Housing	238	269	183
Environment	370	276	352
Debt servicing costs	777	728	601
Pension (recovery) provisions (Schedule 10)	88	(404)	748
2013 Alberta flood (Note 6)	207	245	2,906
	48,011	48,366	49,736
Annual surplus (deficit)	514	1,115	(302)
Net assets at beginning of year – as previously reported	53,871	53,871	53,972
Adjustments to net assets (Note 12)	-	265	201
Net assets at end of year	$ 54,385	$ 55,251	$ 53,871

[a] Constructed Budget is the result of revising the Province's Fiscal Plan to the same basis and scope of reporting as used in the consolidated financial statements.

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at March 31

	2015	2014
	In millions	
Financial assets		
Cash and cash equivalents (Schedule 4)	$ 8,081	$ 6,728
Accounts and accrued interest receivable	4,405	6,466
Portfolio investments (Note 11 and Schedule 5)	32,494	30,703
Equity in government business enterprises (Schedule 6)	4,003	3,415
Loans and advances (Schedule 7)	16,906	15,796
Inventories for resale	188	151
	66,077	63,259
Liabilities		
Accounts and accrued interest payable	12,057	12,631
Unmatured debt (Schedule 8)	12,353	9,514
Debt of Alberta Capital Finance Authority (Schedule 9)	14,585	13,848
Pension liabilities (Schedule 10)	11,196	11,600
Unspent deferred capital contributions (Schedule 12)	203	165
Liabilities under public private partnerships (Note 7)	2,629	2,469
	53,023	50,227
Net financial assets	13,054	13,032
Non-financial assets		
Tangible capital assets (Schedule 11)	44,287	42,839
Inventories of supplies	220	173
Prepaid expenses	246	220
	44,753	43,232
Net assets before deferred capital contributions	57,807	56,264
Spent deferred capital contributions (Schedule 12)	2,556	2,393
Net assets	$ 55,251	$ 53,871

Contractual obligations and contingent liabilities (Notes 8 and 9)

Endowment funds (Note 11)

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

Year Ended March 31

	2015		2014
	Constructed Budget (Notes 1 and 5)	Actual	Actual
		In millions	
Annual surplus (deficit)	$ 514	$ 1,115	$ (302)
Acquisition of tangible capital assets and inventories of supplies	(5,323)	(4,344)	(3,984)
Additions to public private partnerships, capital leases and donated capital	(206)	(323)	(380)
Amortization of tangible capital assets and consumption of inventories of supplies	3,000	3,076	2,876
Net gain on disposal and write-down of tangible capital assets	-	32	72
Proceeds on sale of tangible capital assets	-	57	39
Net increase in spent deferred capital contributions	-	163	93
Increase in prepaid expenses	-	(26)	(38)
Change in accumulated unrealized gains (Schedule 6)	-	103	47
Net increase in endowments (Note 11)	-	173	137
Change in accounting policy (Note 12)	-	-	62
Other (Note 12)	-	(4)	(45)
Increase (Decrease) in net financial assets	(2,015)	22	(1,423)
Net financial assets at beginning of year	13,032	13,032	14,455
Net financial assets at end of year	$ 11,017	$ 13,054	$ 13,032

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31

	2015	2014
	in millions	
Operating transactions		
Annual surplus (deficit)	$ 1,115	$ (302)
Non-cash items		
Amortization of tangible capital assets and consumption of inventories of supplies	3,076	2,876
Deferred capital contributions recognized as revenue	(155)	(139)
Pension (recovery) provisions	(404)	748
Equity in commercial enterprise	(485)	(381)
Other	(336)	(335)
	2,811	2,467
Decrease (Increase) in accounts and accrued interest receivable and prepaid	2,035	(2,037)
(Decrease) Increase in accounts and accrued interest payable	(574)	1,892
Other	(58)	20
Cash provided by operating transactions	4,214	2,342
Capital transactions		
Acquisition of tangible capital assets and inventories of supplies	(4,344)	(3,984)
Proceeds on sale of tangible capital assets	57	39
Cash used by capital transactions	(4,287)	(3,945)
Investing transactions		
Purchases of portfolio investments	(16,081)	(15,085)
Disposals of portfolio investments	14,678	12,860
Loans and advances made	(2,650)	(2,579)
Repayment of loans and advances	1,512	955
Cash used by investing transactions	(2,541)	(3,849)
Financing transactions		
Debt retirements	(15,903)	(12,831)
Debt issues	19,453	18,261
Restricted capital contributions	298	251
Repayment of liabilities under capital leases and public private partnerships	(39)	(33)
Other	158	113
Cash provided by financing transactions	3,967	5,761
Increase in cash and cash equivalents	1,353	309
Cash and cash equivalents at beginning of year	6,728	6,419
Cash and cash equivalents at end of year	$ 8,081	$ 6,728

The accompanying notes and schedules are part of these consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) REPORTING ENTITY

These consolidated financial statements include the accounts of all organizations that are controlled by the Province, including government sector entities included in the Fiscal Plan and entities excluded from the Fiscal Plan. Entities excluded from the Fiscal Plan include Crown-controlled research institutions and Crown-controlled SUCH sector organizations. SUCH is an acronym for schools, universities, colleges and hospitals. However, the term "Crown-controlled SUCH sector organizations" is used to describe a much broader list of organizations including school boards, technical institutes, Alberta Health Services, and other health entities.

A listing of these organizations is provided in Schedule 14.

(b) METHOD OF CONSOLIDATION

The accounts of government sector Fiscal Plan entities and entities excluded from the Fiscal Plan, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets and liabilities) are included in the government's results. Revenue, expense, capital, investing and financing transactions, as well as related asset and liability balances between consolidated entities have been eliminated. Asset retirement obligations of the SUCH sector organizations have been included in the Province's financial statements.

Public sector accounting standards require that financial statements contain a comparison of the actual and budgeted results for the year. When a government's fiscal plan is not prepared on a basis consistent with that used to report the actual results, planned results should be reported on the same basis as that used to report the results of the current period. The budget was prepared based on the fiscal framework detailed in the *Fiscal Management Act* and differs from the scope and accounting policies used in the province's consolidated financial statements. When there is a difference in the basis of reporting for financial statement purposes and basis for the budget, the budget is revised to conform to the accounting policy used for actual results. The revised budget is called the Constructed Budget. Note 5 presents a reconciliation between the budget under the *Fiscal Management Act* and the adjustments to conform to the Constructed Budget for financial reporting purposes. The Constructed Budget is presented on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets.

Schools, colleges, technical institutes, some government business enterprises and some provincial agencies have year ends that are other than March 31. The significant transactions of these organizations that have occurred during the period between their year ends and the Province's year end of March 31, 2015, have been recorded in these financial statements.

The accounts of provincial agencies designated as government business enterprises, such as ATB Financial (see Schedule 6), are accounted for on the modified equity basis, with the equity being computed in accordance with the International Financial Reporting Standards. Under the modified equity method, the accounting policies of government business enterprises are not adjusted to

conform to those of the government sector entities. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated.

(c) CHANGE IN ACCOUNTING POLICY

In 2014-15 the Province adopted the following accounting standard of the Public Sector Accounting Board:

PS 3260 Liabilities for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued the liabilities for contaminated sites accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Province adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. The Province has recorded $21 million (2014: $13 million) of liabilities for contaminated sites included in Accounts and accrued interest payable in the Consolidated Statement of Financial Position.

(d) FUTURE CHANGES IN ACCOUNTING POLICY

PS 3450 Financial Instruments

Items within the scope of the financial instruments section are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement Gains and Losses.

The Province, including ministries and departments, has not yet adopted this standard. The effective date of this standard has not been set. Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period.

Other New Standards

PSAB issued a new standard in March 2015 on Related Party Transactions (PS 2200) and four new ones on Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430) in June 2015. All these new standards have an effective date of April 1, 2017. The Province will analyze the impact of these standards on its financial statements.

(e) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in Accounts and accrued interest payable.

Corporate income tax revenue is recognized when installments are received from taxpayer corporations. Corporate income tax refunds payable are accrued based on the prior year's corporate

income tax refunds paid on assessments. Corporate income tax receipts from corporations in anticipation of an upward reassessment of Alberta income tax payable are described as corporate income tax receipts in abeyance and recorded as Accounts and accrued interest payable. The Province calculates an allowance for corporate income taxes based on the difference between the actual corporate income tax receivable and the estimate of the collectability. Corporate income tax receivable is presented net of this allowance. The change in allowance provision is an expense.

Personal income tax is recognized on an accrual basis based on an economic estimate of the various components of personal income tax for the fiscal year. Gross personal income tax for the taxation year is a key component of the estimate for the fiscal year.

The provincial tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not report all of their income. The Province has implemented systems and controls in order to detect and correct situations where taxpayers are not complying with the various Acts it administers. These systems and controls include performing audits of taxpayer records when determined necessary. However, such procedures cannot identify all sources of unreported income or other cases of non-compliance with tax laws. The Province does not estimate the amount of unreported tax.

Non-renewable resource revenue is reported based on royalties on oil and gas produced during the year.

The provincial royalty system is predicated on self-reporting where the petroleum and natural gas industry is expected to understand the relevant energy legislation (statutes and regulations) and comply with them. This has an impact on the completeness of revenue when the petroleum and natural gas industry does not fully meet the legislative requirements, for example, by reporting inaccurate or incomplete production data. The Province has implemented systems and controls in order to detect and correct situations where the petroleum and natural gas industry has not complied with the various Acts and regulations the Province administers. These systems and controls, based on areas of highest risk, include performing audits of the petroleum and natural gas industry records when determined necessary. The Province does not estimate the effect of misreported revenue.

Transfers from the Government of Canada for capital purposes and donated assets are recorded as deferred capital contributions and recognized as revenue over the useful life of the tangible capital assets based on relevant stipulations of the transfer taken together with the actions and communications of the Province. Spent deferred capital contributions are excluded from net financial assets.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired tangible capital assets and expenses incurred in accordance with the terms of approved grant programs. Grants are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

Pension expenses comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liabilities, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and losses and changes in actuarial assumptions. Schedule 10 provides additional information on the components of pension expenses and liabilities.

In the Consolidated Statement of Operations, pension costs of government sector entities which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's best estimate of future payments less recoveries.

The estimated increase or decrease for the year in accrued employee vacation entitlements is recorded in the appropriate expense function.

Financial Assets

Financial assets are the government's financial claims on external organizations and individuals, and inventories for resale at the year end.

Cash includes deposits in banks and cash in transit. Cash equivalents include directly held interest bearing securities with terms to maturity of primarily less than three months.

Portfolio investments authorized by legislation to provide income for the long term or for other special purposes are recorded at cost. Cost includes the amortization of a discount or premium using the straight line method over the life of the investments. Realized gains and losses on disposal of these investments are included in calculating the net operating results for the year. If an investment loses value that is other than a temporary decline, its recorded value is reduced to reflect the loss. The reduced value is deemed to be the new cost.

Endowment fund assets are included in Portfolio investments and Net assets in the Consolidated Statement of Financial Position.

Loans are recorded at cost less any discounts and allowance for credit loss.

Inventories for resale representing the Province's share of royalty oil in feeder and trunk pipelines are recorded at the lower of cost or net realizable value. Other inventories for resale are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities represent present obligations of the government to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

The value of pension liabilities and associated changes during the year are based on an actuarial extrapolation of the most recent actuarial valuation. This valuation technique uses the projected benefit method pro-rated on service, and management's best estimate as at the extrapolation date of various economic and non-economic assumptions. Where the Province is a participating employer in the plan, experience gains and losses to the extent of the Province's employer share are amortized over the estimated average remaining service life of employees. Where the Province has a liability for pre-1992 pension obligations experience gains or losses are recognized in the year incurred.

Debentures included in Unmatured debt are recorded at their face amount less unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps used to manage interest rate exposure is recorded as an adjustment to debt servicing costs.

Liabilities also include:

- all financial claims payable by the Province at the year end,
- contingent liabilities where future liabilities are likely,
- estimates of the Province's liabilities for contaminated sites,
- accrued employee vacation entitlements, and
- asset retirement obligations of the SUCH sector organizations.

Non-financial Assets

Non-financial assets are limited to tangible capital assets, inventories of supplies and prepaid expenses.

Tangible capital assets of government business enterprises are included in the Consolidated Statement of Financial Position within Equity in government business enterprises. Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included on the Consolidated Statement of Financial Position. Post-secondary institutions and certain departments have collections consisting of historical artifacts and provincial, national and international works of art. The value of these collections is not recognized in these financial statements.

Tangible capital assets are valued at cost less accumulated amortization. Amortization is provided on a straight-line basis over the periods expected to benefit from their use (see Schedule 11). The annual amortization costs are allocated to the functions of the government that employ those assets and are reported on the Consolidated Statement of Operations.

Inventories of supplies are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

Derivative Contracts

Income and expense from derivative contracts are recorded as investment income or debt servicing costs. Certain derivative contracts, which are primarily interest rate swaps reported as interest rate derivatives for which there is an underlying matching asset and liability, are recorded at cost plus accrued interest. Gains and losses from these derivatives are recognized in the same period as the gains and losses of the underlying assets and liabilities.

Other derivative contracts without an underlying matching asset and liability, which are primarily bond index swaps reported as interest rate derivatives, equity index swaps and equity index futures reported as equity replication derivatives, and forward foreign exchange contracts reported as foreign currency derivatives, are recognized at fair value (see Note 4) in Portfolio investments and Net investment income.

The estimated amounts receivable and payable from derivative contracts are included in accrued interest receivable and payable respectively.

Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end exchange rate.

Foreign currency transactions are translated into Canadian dollars using the average exchange rate for the day, except for hedged foreign currency transactions which are translated at exchange rates established by the terms of the forward exchange contracts.

Exchange gains and losses that arise on translation of fixed term foreign currency denominated monetary items are deferred and amortized over the life of the contract.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of the net operating results for the year.

Public Private Partnerships

A public private partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Province accounts for P3 projects in accordance with the substance of the underlying agreements. These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Measurement Uncertainty

Estimates are used in accruing revenues, expenses, assets and liabilities in circumstances where the actual results are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes; royalties derived from non-renewable resources; health transfers; private investments, inflation sensitive and alternative investments; pension liabilities, and accrued liabilities and accounts receivable related to the 2013 Alberta flood.

Personal income tax revenue of $11,042 million (2014: $10,537 million), see Schedule 1, is subject to measurement uncertainty due primarily to the use of economic estimates of personal income growth. Personal income growth is inherently difficult to estimate due to subsequent revisions to personal income data. The estimate of personal income growth used in determining personal income tax for the current fiscal year is 2.6% (2014: 6.7%). Based on historical data, there is an uncertainty of plus or minus $557 million (2014: $536 million) in the personal income tax revenue estimate.

Corporate income tax revenue of $5,562 million (2014: $5,358 million), see Schedule 1, is subject to measurement uncertainty due primarily to the timing differences between tax collected and future tax assessments, along with the estimate for allowance for doubtful accounts.

Natural gas and by-products royalty of $989 million (2014: $1,103 million), crude oil royalty of $2,245 million (2014: $2,476 million) and bitumen royalty of $5,049 million (2014: $5,222 million), see Schedule 1, are subject to measurement uncertainty. Natural gas and by-products royalty is calculated based on allowable costs incurred by the royalty payers and production volumes that are reported to the Province by royalty payers. These costs and volumes could vary significantly from that initially reported. The Province estimates what the costs, volumes and royalty rates for the fiscal year should be based on statistical analysis of industry data. For projects from which bitumen royalty is paid and the project has reached payout, the royalty rate used to determine the royalties is based on the average price of West Texas Intermediate crude oil in Canadian dollars for the calendar year. Royalty rates will start at 25% of net profits when oil is priced at fifty five dollars per barrel or less, and increase to a maximum of 40% of net profits when oil is priced at one hundred and twenty dollars or more. Payout is defined at the first date at which the cumulative revenue of a project first equals the cumulative cost of the project.

Effective 2014-15, Canada Health Transfers are determined on an equal per capita cash basis whereas the previous transfers were determined on an equal per capita basis, and included both cash and tax point transfers. Measurement uncertainty for the Canada Health Transfer relates to the tax transfer component as there are a couple of open prior years which have not been assessed that contain the tax transfer component. As the value of income tax points (personal and corporate) transferred historically is finalized, it is used to adjust the entitlements of open prior years. Accordingly, these amounts are estimated and could change by a material amount.

The fair value of private equities, inflation sensitive and alternative investments of $8,093 million (2014: $7,175 million), see Schedule 5, are subject to measurement uncertainty as the fair value may differ significantly from the values that would have been used had a ready market for these investments existed.

Pension liabilities of $11,196 million (2014: $11,600 million), see Schedule 10, are subject to measurement uncertainty because a plan's actual experience may differ significantly from assumptions used in the calculation of the plan's accrued benefits.

Included in the Disaster Recovery Program amount is $817 million (2014: $2,007 million), see Note 6, of accrued liabilities for the 2013 Alberta Flood which is subject to measurement uncertainty. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the actual disaster costs to the estimated disaster costs. These changes can be attributed to such factors as inflation rate fluctuations in construction costs, receipts of eligible claims and the extent of the damage as it is identified.

The accounts of SUCH sector organizations are consolidated based on the results of their latest financial year end. Some of these entities have year ends that are other than March 31. Estimation of transactions for the period between their year ends and March 31 is therefore subject to measurement uncertainty.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Segment Disclosure

Sector information is reported in Schedules 1, 2 and 6 and is based on accountability, budgetary practices and governance relationships within the reporting entity. Additional information is provided in ministry and other entity annual reports.

NOTE 2 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Due to their short term nature, the fair values of cash and cash equivalents, accounts and accrued interest receivable and accounts and accrued interest payable are estimated to approximate their book values.

The methods used to determine the fair values of portfolio investments are explained in the following paragraphs:

- Public fixed-income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.
- Mortgages and certain non-public provincial debentures are valued at the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.
- The fair value of alternative investments including absolute return strategy investments, investments in limited partnerships, private investment funds, private equities and securities with limited marketability is estimated using methods such as cost, discounted cash flows, earnings multiples, prevailing market values for instruments with similar characteristics and other pricing models as appropriate.
- Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers using methods such as replacement cost, discounted cash flows, earnings multiples, prevailing market values for properties with similar characteristics and other pricing models as appropriate.
- Because quoted market prices are not readily available for private and alternative investments and private real estate, estimated fair values may not reflect amounts that could be realized upon immediate sale, or amounts that may ultimately be realized. Accordingly, estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The fair value of loans and advances made under the authority of the *Alberta Capital Finance Authority Act* is based on the net present value of future cash flows discounted using the Alberta Capital Finance Authority's (the Authority) current cost of borrowing. Fair values of other loans and advances, including those made under the authority of the *Agriculture Financial Services Act*, are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability. The fair value of unmatured debt and debt held by the Authority is an approximation of its fair value to the holder.

The fair value of derivative contracts relating to portfolio investments is disclosed in Note 4. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods:

- Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Forward foreign exchange contracts and equity index and interest rate futures contracts are valued based on quoted market prices. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current

market yields and exchange rates. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure change in the underlying swap. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Warrants and rights are valued at the year end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated to Canadian dollars at the year end exchange rate.

NOTE 3 FINANCIAL RISK MANAGEMENT

(a) ASSET MANAGEMENT

The investments that the Province holds are exposed to credit risk and market risk. Market risk is comprised of currency exchange risk, interest rate risk and price risk. In order to earn the best possible return at an acceptable level of risk, the Province has established policies for the asset mix of its investment portfolios.

The Province reduces its investment risk by holding many different types of assets, investing in securities from various governments and companies in different industries and countries, having quality constraints on fixed income instruments, and restricting amounts exposed to countries designated as emerging markets. The use of derivatives is controlled (see Note 4).

Some of the Province's investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund), which also includes money allocated to the Heritage Fund under the *Access to the Future Act*. The objective is to invest in a diversified portfolio to maximize long-term returns at an acceptable level of risk.

Investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Heritage Scholarship Fund and the Alberta Cancer Prevention Legacy Fund are managed to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science and engineering, and to selected students.

Other investments are used to repay debt as it matures, to provide funding for the capital plan, and to help protect operating and capital spending from short-term declines in revenue and the costs of emergencies, disasters, and settlements with First Nations.

(b) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks: interest rate risk, currency exchange risk, credit risk and refinancing risk. The Province manages these four risks within approved policy guidelines. The debt of provincial corporations is managed separately.

The Province has decided that the most effective liability risk management strategy is to allow existing debt instruments to mature in accordance to their terms (see Schedule 8).

NOTE 4 DERIVATIVE CONTRACTS AND RELATED CREDIT RISK

A derivative is a financial contract with the following three characteristics:

- its value changes in response to the change in a specified interest rate, equity index price, foreign exchange rate, credit rating or commodity price,
- it requires no initial net investment or the initial investment is smaller than required for exposure to a similar investment market, and
- it is settled in the future.

The Province uses various types of derivative contracts held indirectly through pooled investment funds or directly held by ATB Financial and Alberta Capital Finance Authority to gain access to equity markets and enhance returns or to manage exposure to interest rate risk, currency exchange risk, credit risk and commodity price risk. The notional value of a derivative represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows with a counterparty.

Interest rate derivatives allow the Province to exchange interest rate cash flows (fixed, floating and bond index) based on a notional amount. Interest rate derivatives primarily include interest rate swaps, cross currency interest rate swaps, bond index swaps, futures contracts and options.

Equity replication derivatives allow for the Province to receive or pay cash based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount. Equity derivatives primarily include equity index swaps, futures contracts and rights, warrants and options.

Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Credit risk derivatives include credit default swaps allowing the Province to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount, in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

Commodity price risk arises when ATB Financial offers deposit or derivative products where the value of the derivative instrument or rate of return on the deposit is linked to changes in the price of the underlying commodity. ATB Financial uses commodity-linked derivatives to fully hedge their associated commodity risk exposure on these products and does not accept any net direct commodity price risk.

NOTE 4 continued

The following is a summary of the fair values of the Province's derivative contracts by type:

	2015 Fair Value [a][b]	2014 Fair Value [a][b]
	In millions	
Interest rate derivatives	$ (448)	$ (152)
Equity replication derivatives	10	108
Foreign currency derivatives	(117)	(90)
Credit risk derivatives	6	(4)
Commodity derivatives	20	10
Derivatives-related payables, net	(529)	(128)
Deposits in futures contracts margin accounts	63	108
Deposits as collateral for derivative contracts	93	21
Net derivative-related investments	$ (373)	$ 1

[a] Includes derivatives of ATB Financial with a net fair value of $196 million (2014: $68 million). Also includes interest rate derivatives of Alberta Capital Finance Authority with a net fair value of $(598) million (2014: $(220) million).

[b] The method of determining the fair value of derivative contracts is described in Note 2.

NOTE 5 BUDGET

The Consolidated Fiscal Plan documents, which describe the Province's budget for the 2015 fiscal year, were tabled in the Legislature on March 6, 2014. In the operational plan for budget purposes, consolidated government and ministry reporting structures exclude certain pension liabilities, the operational and financial costs of Crown-controlled SUCH sector organizations and certain Crown-controlled research institutions. However, these are included in the reporting entity for reporting actual results in the consolidated financial statements because these entities are controlled by the Province. For fiscal policy purposes, the budget also excludes the change in pension liabilities, and recognizes grants for capital purposes and donated assets as revenue as the tangible capital assets are acquired or constructed. For consolidated financial statement purposes, these grants for capital purposes and donated assets are deferred and recorded in revenue over the useful life of the tangible capital assets.

The public sector accounting standards require that financial statements contain a comparison of the actual and budgeted results for the year. When a government's fiscal plan is not prepared on a basis consistent with that used to report the actual results, planned results should be adjusted and reported on the same basis as that used to report the results of the current period. The reconciliation in the tables below bring the planned results to the same scope and basis as that used in reporting the actual results in the consolidated financial statements. The result is a Constructed Budget which appears on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets to allow for a comparison of planned results to actual results.

The following table adjusts the Fiscal Plan Operational Plan to the same basis and scope of reporting as used in the consolidated financial statements:

	2015								
	Adjustments for Financial Reporting Purposes								
	Fiscal Plan						Excluded Entities		
	Operational Plan Budget	Capital Revenue	Capital Plan Spending	Capital Debt Servicing	Savings Revenue	Fiscal Plan Policy Adjustments	Board Approved Budgets	Other Adjustments [a]	Constructed Budget
	In millions								
Revenues									
Income taxes	$ 16,647	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,647
Other taxes	4,402	-	-	-	-	-	142	62	4,606
Non-renewable resource revenue	9,209	-	-	-	-	-	-	-	9,209
Transfers from Government of Canada	5,885	348	-	-	-	-	471	-	6,704
Net income from government business enterprises	2,528	38	-	-	-	-	-	-	2,566
Net investment income	2,174	-	-	-	297	-	201	(60)	2,612
Premiums, fees and licences	1,741	3	-	-	-	-	1,758	-	3,502
Other	911	171	-	-	-	1	1,629	(33)	2,679
Allocation for capital plan debt servicing costs	(421)	-	-	421	-	-	-	-	-
Internal government transfers	-	-	-	-	-	-	21,926	(21,926)	-
	43,076	560	-	421	297	1	26,127	(21,957)	48,525
Expenses by function									
Health	17,957	-	97	-	-	(5)	13,728	(12,726)	19,051
Education	9,290	-	59	-	-	(14)	12,162	(8,503)	12,994
Social services	4,654	-	-	-	-	-	-		4,654
Agriculture, resource management and economic development	2,297	-	172	-	-	-	249	(226)	2,492
General government	1,924	-	15	-	-	-	-	-	1,939
Regional planning and development	348	-	1,423	-	-	-	-	-	1,771
Protection of persons and property	1,656	-	3	-	-	-	-	-	1,659
Transportation, communications and utilities	1,030	-	398	-	-	-	-	-	1,428
Environment	273	-	97	-	-	-	59	(59)	370
Recreation and culture	300	-	48	-	-	-	-	(5)	343
Housing	188	-	50	-	-	-	-	-	238
Debt servicing costs	360	-	-	421	-	-	61	(65)	777
Pension provisions	-	-	-	-	-	86	2	-	88
2013 Southern Alberta Flooding	155	-	52	-	-	-	15	(15)	207
	40,432	-	2,414	421	-	67	26,276	(21,599)	48,011
Annual surplus	$ 2,644	$ 560	$ (2,414)	$ -	$ 297	$ (66)	$ (149)	$ (358)	$ 514

[a] Other adjustments include alignment of the assumptions within the board approved budgets to the Fiscal Plan and consolidation adjustments.

NOTE 5 continued

The following table adjusts the capital plan capital investment and amortization to include the capital investment of the entities excluded from the Fiscal Plan which includes Crown-controlled SUCH sector organizations and certain Crown-controlled research institutions:

	2015	
	Investment Capital	Amortization
	In millions	
Total capital plan spending	$ 6,599	$ -
Less: capital plan to third parties	(2,414)	-
Government of Alberta	4,185	832
Add: excluded entities amount	2,105	1,318
Less: consolidation adjustments	(1,649)	(19)
Total	$ 4,641	$ 2,131

The following table adjusts the Fiscal Plan inventory acquisition and consumption of inventory to include the inventory acquisition and consumption of inventory for the entities that are excluded from the Fiscal Plan:

	2015	
	Investment in Inventory	Consumption of Inventory
	In millions	
Fiscal plan	$ 184	$ 162
Excluded entities	704	707
Total	$ 888	$ 869

NOTE 6 2013 ALBERTA FLOOD

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, agriculture, municipalities, and government ministries for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province recognizes revenues from the federal government on an accrual basis based on recoveries through the Disaster Financial Assistance Arrangement (DFAA) with the Government of Canada. The Government of Canada approved the DFAA through its Order in Council on July 3, 2013.

The Province recognizes DRP expenses on an accrual basis when the Government of Alberta issued its Order in Council on June 25, 2013. These expenses are net of recoveries from insurance and other third parties.

Also, the Province's flood recovery initiatives include non-disaster recovery programs. Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 6 continued

Amounts pertaining to the 2013 Alberta Flood recognized in these financial statements are as follows:

	2015	2014
	In millions	
Revenues		
Federal government grants [a]	$ (423)	$ 1,582
Prior year expenditure refunds [b]	756	-
Total revenues	333	1,582
Expenses		
Disaster recovery program expenses	-	2,361
Non – disaster recovery program expenses	245	352
First Nations expenses DFAA	-	164
First Nations expenses non – DFAA	-	29
Total expenses	$ 245	$ 2,906
Accounts receivable – Government of Canada	$ 659	$ 1,082
Accounts payable and accrued liabilities [c]	$ 817	$ 2,007

(a) In 2014, the total estimated Government of Canada revenue was $1,582 million. This amount was adjusted in 2015 by ($423) million as a result of changes in estimated DRP liabilities, consequently, the total Government of Canada revenue is now $1,159 million.

(b) Prior year expenditure refunds is the result of decreases to the total estimated DRP expenses estimated in prior years. The amount is included in Other revenues in the Consolidated Statement of Operations.

(c) These amounts are based on estimated DRP expenses less payments made.

NOTE 7 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Province has entered into a 34 year contract for the design, finance, build and operation of ring road segments under the following public private partnerships: Anthony Henday – South East, North West and North East Edmonton Ring Road, and Stoney Trail – North East and South East Calgary Ring Road. The Province has also entered into a 32 year public private partnership contracts for the design, finance, build and maintenance of schools under the Alberta Schools Alternative Procurement Phase 1, Phase 2 and Phase 3 projects. These contracts include a construction period followed by a 30 year operations period for the ring roads and a 30 year maintenance period for the schools. The Province has also entered into a 12 year contract for the design, finance, build and operation of the Evan Thomas Water and Wastewater Treatment facilities which includes a construction period followed by a 10 year operations period.

The details of the contract under construction is as follows:

	Contractor	Date Contract Entered Into	Scheduled Completion Date	Date Capital Payments Begin
Anthony Henday – North East Edmonton Ring Road	Capital City Link General Partnership	May 2012	September 2016	October 2016

NOTE 7 continued

The details of the contracts for those projects that are already operational are as follows:

	Contractor	Date Contract Entered Into	Completion Date	Date Capital Payments Began
Anthony Henday – South East Edmonton Ring Road	Access Roads Edmonton Ltd.	January 2005	October 2007	November 2007
Stoney Trail – North East Calgary Ring Road	Stoney Trail Group	February 2007	October 2009	November 2009
Alberta Schools Alternative Procurement Phase 1	BBPP Alberta Schools Ltd.	September 2008	June 2010	July 2010
Anthony Henday – North West Edmonton Ring Road	NorthwestConnect General Partnership	July 2008	October 2011	November 2011
Alberta Schools Alternative Procurement Phase 2	B2L Partnership	April 2010	June 2012	August 2012
Stoney Trail – South East Calgary Ring Road	Chinook Roads Partnership	March 2010	November 2013	November 2013
Alberta Schools Alternative Procurement Phase 3	ABC Schools Partnership	September 2012	June 2014	July 2014
Evan Thomas Water & Wastewater Treatment	EPCOR Water Services Inc.	October 2012	August 2014	August 2014

The calculation of the liabilities under public private partnerships is as follows:

	2015	2014
	In millions	
Liabilities, beginning of year	$ 2,469	$ 2,170
Additions to liabilities during the year	199	332
Principal payments	(39)	(33)
Liabilities, end of year	$ 2,629	$ 2,469

NOTE 8 CONTRACTUAL OBLIGATIONS

Contractual obligations represents a legal obligation of the Province to others as a result of a contract.

	2015	2014 Restated
	In millions	
Obligations under operating leases, contracts and programs	$ 18,055	$ 19,777
Loans and advances approved	170	182
Obligations under capital leases and public private partnerships		
Operations and maintenance payments	3,846	3,927
Capital payments	5,175	5,301
	$ 27,246	$ 29,187

In addition, the Province also has outstanding loan commitments of $15,687 million for ATB Financial.

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts and Programs

		In millions
2015-16	$	7,031
2016-17		3,546
2017-18		2,101
2018-19		1,416
2019-20		1,219
Thereafter		2,742
	$	18,055

Major commitments included in the above figures are commitments for capital construction contracts for health and education facilities, highways and the Municipal Sustainability Initiative, which is an agreement that began in 2007-08 between the Province and Alberta municipalities for capital and operating purposes and is subject to the annual appropriation of the Legislature.

Obligations under Capital Leases and Public Private Partnerships

Operations and Maintenance Payments

		In millions
2015-16	$	114
2016-17		79
2017-18		89
2018-19		96
2019-20		90
Thereafter		3,378
	$	3,846

Capital Payments

		In millions
2015-16	$	164
2016-17		179
2017-18		201
2018-19		200
2019-20		199
Thereafter		4,232
		5,175
Less amount representing interest		(2,099)
	$	3,076

Capital payments include payments for capital leases and for public private partnerships. The capital payments for public private partnerships are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. The present value of these capital payments is recorded as a liability on the Consolidated Statement of Financial Position and in Note 7.

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

NOTE 9 CONTINGENT LIABILITIES

Set out below are details of contingent liabilities resulting from guarantees, indemnities and litigation, other than those reported as liabilities. Any losses arising from the settlement of contingent liabilities are treated as current year expenses.

(a) GUARANTEES

Guarantees amounting to $68 million (2014: $58 million) are detailed in Schedule 13.

(b) CONTINGENT LIABILITIES

The Province, through the Credit Union Deposit Guarantee Corporation, which operates under the authority of the *Credit Union Act*, has a potential liability under guarantees relating to deposits of credit unions. At March 31, 2015 credit unions in Alberta held deposits totalling $20.8 billion (2014: $20.1 billion). Substantial assets are available from credit unions to safeguard the Province from the risk of loss from its potential obligation under the Act.

At March 31, 2015, ATB Financial had a contingent liability under guarantees and letters of credit amounting to $524 million (2014: $550 million).

Through the *Public Trustee Act*, the Province unconditionally guarantees the amount outstanding on a client's guaranteed account as administered by the Office of the Public Trustee. As at March 31, 2015, the potential liability of the Province based on the outstanding balance of the Client Guaranteed Accounts is $441 million (2014: $429 million).

The Province has contingent liabilities with respect to various indemnities as permitted under the *Financial Administration Act*. The indemnified amount and corresponding liability cannot be reasonably estimated.

(c) LEGAL ACTIONS

At March 31, 2015, the Province was involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2015, accruals totalling $170 million (2014: $138 million) have been recorded as a liability. The total amount claimed for all likely claims is $387 million (2014: $443 million). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The Province has been named in 743 (2014: 868) claims of which the outcome is not determinable. Of these claims 532 (2014: 615) have specified amounts totalling $3.1 billion (2014: $3.6 billion). The remaining 211 (2014: 253) claims have no amounts specified. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

In addition, the Province has been named in 29 (2014: 27) claims in matters such as aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada and in some cases involve third parties. Of these claims, 16 (2014: 15) have specified amounts totalling $117.9 billion (2014: $115.6 billion) plus a provision for interest and other costs that are not determinable. The remaining 13 (2014: 12) claims have no amounts specified. In addition, there are 3 (2014: 5) claims for treaty land entitlement for which the Province may have an obligation under the Natural Resources Transfer Agreement.

NOTE 9 continued

(d) TAX ASSESSMENTS

Some of the taxes assessed by the Province are under objection and some are being appealed. The resulting loss, if any, cannot be reasonably estimated.

NOTE 10 TRUST AND OTHER FUNDS UNDER ADMINISTRATION

Trust and other funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2015, trust and other funds under administration were as follows:

	2015	2014
	In millions	
Public Sector Pension Plan Funds	$ 53,337	$ 45,549
The Workers' Compensation Board Accident Fund	788	717
Public Trustee	604	587
Special Areas Trust Account	283	271
Various Court Offices and Fines Distribution Trust	138	126
Miscellaneous trust funds	1,174	1,083
	$ 56,324	$ 48,333

In addition to the above trust and other funds under administration, the Province holds cash and bank guarantees in the form of letters of credit and promissory notes in the amount of $2.1 billion (2014: $1.9 billion). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

NOTE 11 ENDOWMENT FUNDS

	2015	2014
	In millions	
Endowment funds of universities, colleges and hospitals	$ 1,925	$ 1,752

Endowment fund assets are included in Portfolio investments and Net assets in the Consolidated Statement of Financial Position. Donors have placed restrictions on their contribution to the endowment funds of universities, colleges and hospitals. The principal restriction is that the original contribution should not be spent. Capital preservation, investment returns and the impact of inflation may also form restrictions on these funds.

NOTE 12 ADJUSTMENTS TO NET ASSETS

The reconciliation of adjustments to Net assets is as follows:

	2015	2014
	In millions	
Adjustments to net assets		
Change in accumulated unrealized gains (Schedule 6)	$ 103	$ 47
Change in accounting policy [a]	-	62
Increase in endowments (Note 11) [b]	166	137
Other	(4)	(45)
	$ 265	$ 201

[a] In 2013-14, the Victims of Crime Fund changed its accounting policy to record a liability for compensation claims.

[b] The total increase in endowments is $173 million (Note 11). $7 million out of $173 million has been included in net assets. Therefore, adjusted increase in endowments is $166 million.

NOTE 13 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified, where necessary, to conform to 2015 presentation.

Schedules to the Consolidated Financial Statements

REVENUES

SCHEDULE 1

	2015	2014
	In millions	
Income taxes		
Personal income tax	$ 11,042	$ 10,537
Corporate income tax	5,562	5,358
Interest and penalties on corporate income tax	234	128
	16,838	16,023
Other taxes		
Education property tax	2,102	2,059
Tobacco tax	896	922
Fuel tax	944	925
Insurance taxes	391	359
Freehold mineral rights tax	172	146
Alberta tourism levy	91	87
Interest and penalties on other tax	2	2
	4,598	4,500
Non-renewable resource revenue		
Bitumen royalty	5,049	5,222
Crude oil royalty	2,245	2,476
Natural gas and by-products royalty	989	1,103
Bonuses and sales of Crown leases	476	588
Rentals and fees	173	173
Coal royalty	16	16
	8,948	9,578
Transfers from Government of Canada		
Health transfers	3,610	2,651
Canada social transfers	1,452	1,410
2013 Alberta flood assistance (Note 6)	(423)	1,582
Agriculture support programs	288	295
Labour market agreements	174	186
Other	881	935
	5,982	7,059
Net income from government business enterprises		
Lottery operations	1,526	1,485
Liquor operations	767	747
Other	372	309
	2,665	2,541
Net investment income	3,113	3,423
Premiums, fees and licences		
Tuition	1,116	1,087
Health fees and charges	472	460
Motor vehicle licences	516	492
Crop and hail insurance premiums	307	379
Land titles	91	86
Other	1,062	933
	3,564	3,437
Other		
Sales, rentals and services	850	850
Fundraising, donations, gifts and contributions	667	627
Fines and penalties	146	137
Climate change and emissions management	77	106
Other	2,033	1,153
	3,773	2,873
	$ 49,481	$ 49,434

	2015	2014 [c]
	In millions	
Program expenses		
Offices of the Legislative Assembly	$ 122	$ 114
Ministries		
Health	19,626	18,584
Education	7,590	7,240
Innovation and Advanced Education	5,721	5,631
Human Services	4,127	3,940
Municipal Affairs	2,182	4,058
Treasury Board and Finance	1,771	1,847
Transportation	1,423	1,347
Justice and Solicitor General	1,331	1,310
Infrastructure	1,132	1,100
Agriculture and Rural Development	960	793
Environment and Sustainable Resource Development	881	1,001
Seniors	636	591
Energy	722	808
Service Alberta	347	359
Culture and Tourism	338	325
Aboriginal Relations	194	357
Jobs, Skills, Training and Labour	152	136
International and Intergovernmental Relations	32	32
Executive Council	24	26
	49,311	49,599
Debt servicing costs [a]	728	601
Pension (recovery) provisions [b] (Schedule 10)	(404)	748
Consolidation adjustments	(1,269)	(1,212)
	$ 48,366	$ 49,736

(a) Debt servicing costs consists of interest paid on various forms of government debt. It excludes interest on pension liabilities. Interest on pension liabilities has been included in pension provisions and other program expense.

(b) Pension provisions are related to the Ministry of Innovation and Advanced Education, the Ministry of Education, the Ministry of Energy, the Ministry of Treasury Board and Finance and the Ministry of Health.

(c) On September 15, 2014, the government announced new ministry structures. As a result of program restructuring the responsibilities of ministries changed. Comparative figures have been restated to conform to 2015 presentation.

EXPENSES BY OBJECT — SCHEDULE 3

	2015	2014
	In millions	
Salaries, wages, employment contracts and benefits	$ 19,527	$ 18,688
Grants	12,157	13,455
Services	8,654	8,811
Materials and supplies	3,406	3,142
Amortization of tangible capital assets and consumption of inventories of supplies	3,076	2,876
Interest and amortization of exchange gains and losses	700	577
Pension (recovery) provisions (Schedule 10)	(404)	748
Pension liability funding	526	522
Travel and communication	256	259
Corporate income tax allowance provision	71	172
Other	397	486
	$ 48,366	$ 49,736

The pension expense for the Province (Schedule 10) is included in salaries, wages, employment contracts and benefits, pension provisions and pension liability funding.

CASH AND CASH EQUIVALENTS — SCHEDULE 4

	2015 Book Value	2014 Book Value
	In millions	
Cash [a]	$ 5,793	$ 3,800
Cash equivalents	2,288	2,928
	$ 8,081	$ 6,728

(a) Cash includes deposits in the Consolidated Cash Investments Trust Fund (CCITF). At March 31, 2015, deposits in CCITF had a time-weighted return of 1.2% (2014: 1.2%) per annum.

	2015		2014	
	Book Value	Fair Value	Book Value	Fair Value
	In millions			
Interest bearing securities				
Deposits and short-term securities	$ 1,005	$ 1,007	$ 1,370	$ 1,369
Bonds and mortgages	14,159	14,450	12,712	12,844
	15,164	15,457	14,082	14,213
Equities				
Canadian public equities	2,910	3,494	2,537	2,883
Global developed public equities	7,358	8,404	7,265	8,399
Emerging markets public equities	651	850	724	851
Private equities	1,199	1,560	1,215	1,468
Pooled investment funds	161	186	338	379
	12,279	14,494	12,079	13,980
Inflation sensitive and alternative investments				
Private real estate	3,082	4,425	2,780	3,876
Private infrastructure	1,350	1,636	1,221	1,383
Timberland	320	471	317	438
Other investments	1	1	10	10
	4,753	6,533	4,328	5,707
Strategic opportunities and tactical allocation	298	343	214	244
	$ 32,494	$ 36,827	$ 30,703	$ 34,144

	2015	2014
	In millions	
Accumulated surplus and equity		
Accumulated surplus at beginning of year	$ 3,186	$ 2,832
Total revenue	5,808	5,490
Total expense [a]	3,143	2,949
Net income	2,665	2,541
Change in accumulated unrealized gains [b]	103	47
Transfers to the Province from Alberta Gaming and Liquor Commission	(2,267)	(2,234)
Accumulated surplus at end of year	3,687	3,186
Share capital	5	-
Total accumulated surplus and equity	$ 3,692	$ 3,186
Represented by		
Loans	37,928	33,892
Investments	2,436	1,178
Other	3,916	3,623
	44,280	38,693
Liabilities		
Accounts payable [c]	2,659	1,835
Deposits [d]	33,633	30,011
Unmatured debt	4,296	3,411
Capital investment deposits	-	250
	40,588	35,507
	$ 3,692	$ 3,186
Equity in government business enterprises at end of year		
As reported by the entities		
ATB Financial	$ 3,008	$ 2,588
Alberta Gaming and Liquor Commission	386	361
Alberta Petroleum Marketing Commission	14	1
Credit Union Deposit Guarantee Corporation	279	236
SUCH sector business enterprises	5	-
	3,692	3,186
Subordinated debentures in support of deposit guarantees	311	229
	$ 4,003	$ 3,415

(a) Included in the total expense is $46 million (2014: $46 million) of interest expense of ATB Financial that was paid to the Province for amounts borrowed directly by the Province on behalf of ATB Financial. Also, included in the total expense is $97 million (2014: $84 million) of payment in lieu of taxes of ATB Financial that was paid to the Province.

(b) The change in accumulated unrealized gains of $103 million (2014: $47 million) is comprised of changes in other comprehensive income in government business enterprises. At March 31, 2015, the Province has $97 million in accumulated unrealized gains (losses) (2014: ($6) million).

(c) Included in accounts payable of Alberta Petroleum Marketing Commission (APMC) are amounts borrowed by the Province on behalf of APMC totalling $227 million (2014: $nil) payable in 2015-16.

(d) The repayment of all deposits without limit, including accrued interest, is guaranteed by the Province in respect of which the Province assesses a deposit guarantee fee of $43 million (2014: $38 million) payable by ATB Financial. Included in the total deposits of ATB Financial are amounts borrowed by the Province on behalf of ATB Financial totalling $3,044 million (2014: $2,694 million) to be repaid as follows: $250 million in 2015-16, $900 million in 2016-17, $1,000 million in 2017-18, $500 million in 2018-19, $200 million in 2019-20 and the remaining $194 million in 2020-21.

At March 31, 2015, ATB Financial had a contingent liability under guarantees and letters of credit of $524 million (2014: $550 million). Included in the Province's contractual obligations are $136 million (2014: $237 million) for contracts belonging to government business enterprises. These amounts include obligations under operating leases which expire on various dates.

Alberta Petroleum Marketing Commission

North West Redwater Partnership

On November 8, 2012, the North West Redwater Partnership (Partnership) announced the sanctioning of the construction of Phase 1 of the Sturgeon Refinery, which it will build, own and operate. The Province via the Alberta Petroleum Marketing Commission (Commission), has entered into agreements whereby the Partnership will process and market Crown royalty bitumen, or equivalent volumes, collected pursuant to the Bitumen Royalty in Kind initiative in order to capture additional value within Alberta. The Partnership will market the refined products (primarily ultra low sulphur diesel and low sulphur vacuum gas oil) on behalf of the Commission. There is financial risk to the Commission under these agreements related to the difference in price between bitumen supplied as feedstock and marketed refined products, relative to the costs of the processing toll.

Under the processing agreement, the Commission is obligated to pay a monthly toll comprised of operating, debt, equity, and incentive fee components on 37,500 barrels per day of bitumen (75% of the project's feedstock) for 30 years. The toll includes both flow through costs as well as costs of facility construction, the latter of which is estimated to be $8.5 billion. The Commission has very restricted rights to terminate the agreement, and if it is terminated, the Commission remains obligated to pay its share of the debt component of the toll incurred to date. The term of the commitment begins upon the commencement of commercial operations, expected September 2017. No amounts have been paid under this agreement to date.

North West Redwater Partnership Monthly Toll Commitment

The Commission has used judgement to estimate the toll commitments. The components of the toll are: senior debt; operating costs; class A subordinated debt; equity; and incentive fees. To calculate the toll, management has used interest rates, estimates for factors including future operating costs, oil prices (West Texas Intermediate (WTI) and light/heavy differentials), refined product prices, gas prices and foreign exchange. The toll under the processing agreement, assuming a $8.5 billion facility capital cost, market interest rates and a 2% operating cost inflation rate, is estimated to be:

		In millions
2015-16	$	-
2016-17		85
2017-18		256
2018-19		709
2019-20		827
Thereafter		24,133
	$	26,010

Term Loan Provided to North West Redwater Partnership

As part of the Subordinated Debt Agreement with the Partnership, the Commission committed to loan up to $324 million over three years beginning in 2014. These amounts plus the accrued interest will be repaid on a straight line basis over ten years by the Partnership beginning one year after commercial start-up of the Sturgeon Refinery.

While loans to the Partnership are outstanding, the Commission is entitled to a 25 percent voting interest on an Executive Leadership Committee, which is charged with overseeing and making decisions on the construction and start-up of the Sturgeon Refinery. Because of the 25 percent voting interest, the Commission has significant influence over the Partnership. However, the Commission has no equity ownership interest in the Partnership and does not account for the Sturgeon Refinery or its operations in its financial statements.

North West Redwater Partnership Processing Agreement Assessment

The Commission performs an annual assessment to determine if the North West Redwater Partnership Processing Agreement (the "Processing Agreement") gives rise to unavoidable costs of the obligations exceeding the economic benefits expected to be received. If such an assessment results in a negative net present value over the expected term of the contract, the Commission will recognize an expense on the statement of operations and a liability on the statement of financial position. The Commission uses a model to calculate the present value of future cash flows under the Processing Agreement. Variables used in the model include technical variables that arise from the design of the project such as catalyst volumes or energy consumption; pricing related variables such as crude oil prices (WTI), heavy-light differentials, ultra-low sulphur diesel-WTI premiums, exchange rates, capital costs, operating costs, interest rates, discount rates and actual operating performance compared to capacity.

Technical inputs may be estimated with reasonable certainty for the operating plan however, revenues and costs that depend upon market prices are subject to the use of professional judgement in the estimates, particularly over long future time periods such as the 30 year Processing Agreement term. In order to perform the cash flow analysis the Commission management developed estimates for the key variables based on information from various sources including forecasts of global consultancies, reserve evaluation consultants, forward markets and the Government of Alberta.

Based on the analysis, the Commission determined the present value of future cash flows under the Processing Agreement to be positive and has not recognized a liability.

Energy East Pipeline Project

The Commission has signed a Transportation Service Agreement with Energy East Pipeline Limited Partnership to purchase firm capacity for a term of 20 years to transport volumes of crude oil. The construction of the pipeline is dependent upon obtaining regulatory approval. Under the take-or-pay obligation, the Commission has a minimum obligation to pay $3.4 billion in tolls over the 20 year term. Additional tolls will be incurred depending on the volumes transported through the pipeline. The pipeline is expected to be in service as early as 2018.

		In millions
2015-16	$	-
2016-17		-
2017-18		43
2018-19		170
2019-20		170
Thereafter		3,018
	$	3,401

LOANS AND ADVANCES — SCHEDULE 7

	2015	2014
	In millions	
Loans and advances made under the authority of		
Alberta Capital Finance Authority Act [a]	$ 13,465	$ 12,559
Agriculture Financial Services Act [b]	2,112	1,961
Student Loan Act	1,532	1,265
Alberta Heritage Savings Trust Fund Act	-	270
Alberta Housing Act	23	22
Financial Administration Act	16	4
Senior's Property Tax Deferral Act	8	4
	17,156	16,085
Less allowance for doubtful accounts	250	289
	$ 16,906	$ 15,796

(a) The fair value of the loans as at March 31, 2015 was $15,410 million (2014: $13,360 million). Municipal loans on average yield 4.0% (2014: 4.2%) per annum.

(b) The fair value of the loans receivable is not disclosed. Determining fair values with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans. Agricultural loan portfolios on average yield 4.0% (2014: 4.3%) per annum.

UNMATURED DEBT — SCHEDULE 8

	2015				2014	
	Effective Rate [a]	Modified Duration [b]	Book Value [a]	Fair Value [a]	Book Value [a]	Fair Value [a]
	%	years	*In millions*			
Direct debt						
Canadian dollar debt						
Floating rate and short-term fixed rate [c]	1.24	3.06	$ 638	$ 662	$ 1,723	$ 1,739
Fixed rate long-term	2.12	10.92	11,653	13,012	7,727	8,000
			12,291	13,674	9,450	9,739
Alberta Social Housing Corporation						
Canadian dollar fixed rate debt			62	92	64	91
			$ 12,353	$ 13,766	$ 9,514	$ 9,830

(a) Book value represents the amount the Province owes. Fair value approximates market value to the debt holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. Effective rate is the rate that exactly discounts estimated future cash payments through the expected term of the debt to the net carrying amount. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

(b) Modified duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater a bond's modified duration, the greater the impact a change in interest rates will have on its value.

(c) Floating rate debt includes short-term debt, term debt with less than one year to maturity, and term debt with interest rate reset within a year.

In addition to the unmatured debt shown above, and in order to reduce overall borrowing costs for the Province, the Province borrows money at a more favourable rate and loans it to various provincial entities (see Schedule 7) with the exact same repayment terms and interest rates. The Province borrowed funds on behalf of ATB Financial totalling $3,044 million (2014: $2,694 million) and APMC totalling $227 million (2014: $ nil) (see Schedule 6) and Alberta Capital Finance Authority totalling $10,956 million (2014: $9,564 million) (see Schedule 9).

Debt principal repayment requirements (based on par value) in each of the next five years, including short-term maturing in 2015-16 and thereafter, are as follows:

	In millions
2015-16	$ 144
2016-17	205
2017-18	72
2018-19	690
2019-20	1,548
Thereafter	9,694
	$ 12,353

DEBT OF ALBERTA CAPITAL FINANCE AUTHORITY — SCHEDULE 9

	2015		2014	
	Book Value	Fair Value	Book Value	Fair Value
	In millions			
Alberta Capital Finance Authority				
Canadian dollar and foreign currency fixed rate debt [a]	$ 11,819	$ 13,048	$ 10,294	$ 10,872
Canadian dollar floating rate debt	2,766	3,064	3,554	3,607
Total [b]	$ 14,585	$ 16,112	$ 13,848	$ 14,479
Effective rate per annum		4.0%		4.1%

(a) Includes fixed note US dollar debt of $600 million (fair value: $766 million in Canadian dollars) and floating note US dollar debt of $700 million (fair value: $888 million in Canadian dollars).

(b) Included in the Alberta Capital Finance Authority debt are amounts borrowed directly by the Province on behalf of the Alberta Capital Finance Authority totalling $10,956 million (2014: $9,564 million).

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2015-16 and thereafter, are as follows:

	In millions
2015-16	$ 3,053
2016-17	1,500
2017-18	2,567
2018-19	1,600
2019-20	275
Thereafter	5,590
	$ 14,585

Pension Plans

The Province is the trustee for the following pension plans under the *Public Sector Pension Plans Act*:

Local Authorities Pension Plan (LAPP), Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP), Special Forces Pension Plan (SFPP) and the Public Service Management (Closed Membership) Pension Plan (PSMC). The Province is also trustee for the Provincial Judges and Masters in Chambers Pension Plan (PJMCPP) under the *Provincial Court Act* and the Supplementary Retirement Plan for Public Service Managers (MSRP) under the Supplementary Retirement Plan – Retirement Compensation Arrangement Directive (Treasury Board Directive 01/99). All of these pension plans are open with the exception of PSMC. Financial statements for all of these pension plans as of their December 31, 2014 year end or March 31, 2015 year end are reported as supplementary information in the Ministry of Treasury Board and Finance Annual Report. All of the plans, except the Judges plan, are multi-employer plans.

Boards, on behalf of Crown-controlled SUCH sector organizations, administer the Teachers' Pension Plan (Teachers') and the Universities Academic Pension Plan (UAPP).

In addition to the aforementioned plans, there are several agencies which maintain their own plans to compensate senior staff members that do not participate in the regular government pension plans. These entities include the Alberta Energy Regulator, Alberta Utilities Commission, Alberta Securities Commission and some SUCH sector entities. Summaries of these plans are included in these financial statements as Supplementary Executive Retirement Plans (SERP). Additional information can be found in the entities' financial statements.

The following is a summary of the plans for the year ended March 31, 2015:

Defined Benefit Pension Plans	Approximate Number of Active Employees	Average Age of Active Employees	Approximate Number of Former Employees Entitled to Payments [b]	Approximate Number of Retirees Receiving Benefits	Employee Contributions	Employer Contributions	Benefit Payments
					In millions		
LAPP	153,972	45	29,384	56,048	$ 1,165	$ 1,249	$ 1,222
PSPP	42,229	44	15,916	24,141	341	338	466
MEPP	5,318	48	1,155	4,475	79	132	187
MSRP	1,057	52	168	824	4	4	5
PJMCPP [a]	130	60	2	150	1	2	8
PSMC [a]	-	-	95	1,868	-	-	54
SFPP [a]	4,278	39	182	2,442	37	41	110
Teachers' Pre-92	7,862	54	1,296	24,402	-	-	454
Teachers' Post-92	37,011	42	6,654	20,947	418	394	328
UAPP	7,674	49	1,743	4,770	112	121	228

(a) During the year these three plans also received contributions, primarily related to pre-1992 commitments, from the Province of Alberta as follows: PJMCPP $1 million, PSMC $53 million and SFPP $5 million.

(b) Includes vested former employees in the pension plan and non-vested former employees entitled to a refund of their contributions.

The plans provide a defined benefit retirement income based on a formula for each plan that considers final average years of salary, length of service and a percentage ranging from 1.4% to 3% per year of service.

The Province accounts for the liabilities for pension obligations on a defined benefit basis as a participating employer for former and current employees in Local Authorities Pension Plan, Management Employees Pension Plan, Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan, Public Service Pension Plan, Teachers' Pension Plan and Universities Academic Pension Plan for the government's consolidated reporting entity except for government business enterprises that report under International Financial Reporting Standards (IFRS) and are required to account directly for participation in the public service pension plans under IFRS.

The Province also accounts for the specific commitments made by the Government of Alberta for pre-1992 pension obligations to the Teachers' Pension Plan, Public Service Management (Closed Membership) Pension Plan, Universities Academic Pension Plan and Special Forces Pension Plan. In 1992, there was pension plan reform resulting in pre-1992 and post-1991 arrangements for several pension plans.

The Province also accounts for the obligation to the Members of the Legislative Assembly Pension Plan (MLAPP).

The following table contains summary information on these specific pension plans. Complete financial reporting is available through each pension plan. Pension liabilities are as follows:

	2015		2014
	Pension Liabilities	Pension Provisions (Recovery) (Schedule 3)	Pension Liabilities
		In millions	
Liabilities for the Province's employer share for former and current employees			
Local Authorities Pension Plan [a]	$ 489	$ (22)	$ 511
Management Employee Pension Plan [b]	26	(37)	63
Supplementary Retirement Plan for Public Service Managers [c]	17	5	12
Provincial Judges and Masters in Chambers Pension Plan [d]	15	(1)	16
Public Service Pension Plan [e]	249	(31)	280
Teachers' Pension Plan [f]	637	(6)	643
Universities Academic Pension Plan [g]	231	7	224
Supplementary Executive Retirement Plans [h]	54	(1)	55
	1,718	(86)	1,804
Liabilities for the Province's commitment towards pre-1992 obligations			
Teachers' Pension Plan [f]	8,432	(295)	8,727
Public Service Management (Closed Membership) Pension Plan [i]	595	(22)	617
Universities Academic Pension Plan [g]	314	3	311
Special Forces Pension Plan [g]	91	(4)	95
	9,432	(318)	9,750
Members of the Legislative Assembly Pension Plan [j]	46	-	46
	$ 11,196	$ (404)	$ 11,600

Pension provisions represent the change in pension liabilities, net of pension expense and contributions made.

The following is a description of each pension plan:

(a) The Local Authorities Pension Plan is a contributory defined benefit pension plan for eligible employees of local authorities and approved public bodies. These include cities, towns, villages, municipal districts, hospitals, Alberta Health Services, school divisions, school districts, colleges, technical institutes, certain commissions, foundations, agencies, libraries, corporations, associations, and societies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 7.40% of pensionable earnings shared equally between employees and employers until December 31, 2026. Current service costs are funded by employers and employees.

(b) The Management Employee Pension Plan is a contributory defined benefit pension plan for eligible management employees of the Province and certain approved provincial agencies and public bodies. Members of the former Public Service Management Pension Plan who were active contributors at August 1, 1992, and have not withdrawn from the Plan since that date, continue as members of this Plan. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 12.3% of pensionable earnings shared between employees and employers until December 31, 2014, 10.2% until December 31, 2016, 5.4% until December 31, 2017 and 5.0% until December 31, 2024, and 2.9% until December 31, 2027. Current services costs are funded by employers and employees.

(c) The Supplementary Retirement Plan for Public Service Managers is a contributory defined benefit pension plan for certain public service managers of designated employers who participate in the Management Employees Pension Plan (MEPP) and whose annual salary exceeds the maximum pensionable salary limit under the *Income Tax Act*. The Plan is supplementary to the MEPP. The contribution rates in effect at December 31, 2014 were at 12.80% (2013: 11.16%) of pensionable salary in excess of the maximum pensionable salary limit for eligible employees and designated employers.

(d) The Provincial Judges and Masters in Chambers Pension Plan is a contributory defined benefit pension plan for Judges and Masters in Chambers of the Province of Alberta. Current service costs are funded by the Province and plan members at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at March 31, 2015 are 7.00% of capped salary for plan members and 13.12% of capped salary for the Province. The Unregistered Plan contribution rates in effect at March 31, 2015 are unchanged at 7.00% of pensionable salary in excess of capped salary for members and 7.00% of the excess for the Province. Benefits are payable by the Province if assets are insufficient to pay for all benefits under the Plan.

(e) The Public Service Pension Plan is a contributory defined benefit pension plan for eligible employees of the Province, approved provincial agencies and public bodies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by an actuarial funding valuation are expected to be funded by special payments currently totaling 9.34% of pensionable earnings shared equally between employees and employers until December 31, 2026. Current service costs are funded by employers and employees.

(f) The *Teachers' Pension Plans Act* requires all teachers under contract with jurisdictions in Alberta to contribute to the Teachers' Pension Plan. The Province assumed responsibility for the entire unfunded pre-1992 pension obligation of the Teachers' Pension Plan. The costs of all benefits paid under the pre-1992 Teachers' Pension Plan are paid by the Province. In addition, the Province is responsible for 50% of the unfunded liability, any current service costs and certain cost of living benefits for service after August 1992.

(g) Under the *Public Sector Pension Plans Act*, the Province has a liability for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For the Universities Academic Pension Plan, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province and contributions by employees and employers to fund the remaining amount, as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For the Special Forces Pension Plan, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

(h) Certain consolidated entities provide defined supplementary executive retirement plans for certain management staff, and other benefit plans for all or specific groups of staff, depending on the plans. The cost of these benefits are actuarially determined on an annual basis using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage.

(i) The Public Service Management (Closed Membership) Pension Plan provides benefits to former members of the Public Service Management Pension Plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992. The costs of all benefits under the Plan are paid by the Province.

(j) The Province has a liability for payment of pension benefits under a defined benefit pension plan for Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date. The costs for all benefits under the plan are paid by the Province.

The liability for pension obligations as a participating employer is as follows:

As at March 31, 2015	LAPP	MEPP	PSPP	Teachers' Pension Plan Post-1992	UAPP	Others[d]	Total 2015	Total 2014
				(In millions)				
Liabilities for the Province's share for former and current employees								
Net assets available for benefits [a]	$ 30,790	$ 3,883	$ 9,787	$ 11,334	$ 3,827	$ 499	$ 60,120	$ 52,210
Pension obligation	33,245	3,807	10,590	10,930	4,957	587	64,116	59,945
Pension plan deficit (surplus) [a]	$ 2,455	$ (76)	$ 803	$ (404)	$ 1,130	$ 88	$ 3,996	$ 7,735
Province of Alberta share of the deficit (surplus)	$ 824	$ (46)	$ 357	$ (208)	$ 408	$ 88	$ 1,423	$ 2,878
Unamortized gains (losses) [b]	(287)	84	(87)	845	(177)	(2)	376	(1,017)
Timing differences between the pension plan fiscal year ends and March 31 [c]	(48)	(12)	(21)	-	-	-	(81)	(57)
Future Benefit Liability	$ 489	$ 26	$ 249	$ 637	$ 231	$ 86	1,718	1,804
Liabilities for the Province's commitment towards pre-1992 obligations							9,432	9,750
Members of the Legislative Assembly Pension Plan							46	46
							$ 11,196	$ 11,600

(a) These numbers are as reported in the pension plan 2014 financial statements, except for the Teachers' Post-92 Pension Plan and the UAPP which use numbers as reported in actuarial reports.

(b) Under Public Sector Accounting Standards, gains and losses are amortized over the employee expected average remaining service life of the employees of each plan, which ranges from eight to eleven years.

(c) Accounting timing differences from January 1, 2015 to March 31, 2015 for payments and interest expense.

(d) Others includes the Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan and Supplementary Executive Retirement Plans.

The pension expense for the Province is as follows:

	LAPP	MEPP	PSPP	Teachers' Pension Plan Pre-92	Teachers' Pension Plan Post-92	UAPP	Others[c]	Total 2015	Total 2014
				(In millions)					
Pension Expense									
Current period benefit cost [a]	$ 1,610	$ 113	$ 430	$ -	$ 481	$ 82	$ 31	$ 2,747	$ 2,627
Amortization of actuarial gains and losses[b]	447	13	127	(181)	48	21	17	492	1,763
Total	$ 2,057	$ 126	$ 557	$ (181)	$ 529	$ 103	$ 48	$ 3,239	$ 4,390
Province of Alberta share of pension expense	$ 691	$ 77	$ 248	$ (181)	$ 264	$ 103	$ 48	$ 1,250	$ 2,339
Interest Expense									
Interest on pension liability [a]	78	(3)	31	340	13	26	38	523	626
Total Province of Alberta pension related expenses	$ 769	$ 74	$ 279	$ 159	$ 277	$ 129	$ 86	$ 1,773	$ 2,965

(a) As reported in pension plan financial statements or actuarial reports. Numbers in UAPP are net of employees' share.

(b) Except for Special Forces Pension Plan, numbers are adjusted to March 31, 2015.

(c) Others includes the Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan, Special Forces Pension Plan and Supplementary Executive Retirement Plans.

Pension liabilities are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services and actuarial extrapolations performed at December 31, 2014 or March 31, 2015. The assumptions used in the valuations and extrapolations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include salary escalation rate, discount rate and inflation rate. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

The date of actuarial extrapolation and primary economic assumptions used for accounting purposes were:

Plan	Latest Valuation Date	Latest Extrapolation Date	Salary Escalation Rate %	Inflation Rate %	Discount Rate [a] %
Teachers' Pre-1992 Pension Plan	August 31, 2014	March 31, 2015	3.50	2.25	3.90
Teachers' Post-1992 Pension Plan	August 31, 2014	March 31, 2015	3.50	2.25	7.00
Public Service Management (Closed Membership) Pension Plan	December 31, 2011	December 31, 2014	-	2.25	3.90
Universities Academic Pension Plan	December 31, 2012	March 31, 2015	3.50	2.25	6.10
Local Authorities Pension Plan	December 31, 2013	December 31, 2014	3.50	2.25	5.80
Public Service Pension Plan	December 31, 2013	December 31, 2014	3.50	2.25	6.20
Members of the Legislative Assembly Pension Plan	March 31, 2012	March 31, 2014	-	2.25	3.90
Management Employees Pension Plan	December 31, 2012	December 31, 2014	3.50	2.25	6.40
Provincial Judges and Masters in Chambers Pension Plan, Unregistered	December 31, 2011	March 31, 2014	3.50	2.25	6.00
Provincial Judges and Masters in Chambers Pension Plan, Registered	December 31, 2011	March 31, 2014	3.50	2.25	5.50
Supplementary Retirement Plan for Public Service Managers	December 31, 2012	December 31, 2014	3.50	2.25	6.20
Special Forces Pension Plan	December 31, 2013	December 31, 2014	3.50	2.25	6.30

[a] The discount rate is the expected rate of return for plans with assets and is also the discount rate used to measure the actuarial liability.

The actual return on major funded plans' assets during the period ranges from 11.3% to 19.2% (2013-14: 11.3% to 14.9%). This range includes returns for LAPP, Teachers' Post-1992 Plan, PSPP, MEPP, SFPP and UAPP.

A separate pension plan fund is maintained for each pension plan except for the Teachers' Pre-1992 Pension Plan and the Members of the Legislative Assembly Pension Plan. Each pension plan fund reports annually through financial statements.

Government business enterprises have recorded pension liabilities accounted for under International Financial Reporting Standards of $155 million (2014: $122 million) comprised of $147 million (2014: $122 million) for employees in the Public Service Pension Plan, Management Employees Pension Plan and the Supplementary Retirement Plan for Public Service Managers and $8 million (2014: $nil) in other pension plans.

Long Term Disability Income Continuance Plans

The government administers two long-term disability income continuance plans. As at March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $87 million (2014: surplus of $75 million) and the Management, Opted Out, and Excluded Plan reported an actuarial surplus of $32 million (2014: surplus of $24 million). At March 31, 2015, the government's share of the estimated accrued benefit liability for these plans has been recognized in these financial statements.

	General Capital Assets						Infrastructure Assets					2015 Total	2014 Total
	Land (a)	Buildings (b)	Computer hardware and software	Equipment (c)	Other (d)	Sub Total	Land improvements (e)	Provincial highways, roads and airstrips (f)	Bridges	Dams and water management structures (g)	Sub Total		
Estimated Useful Life	Indefinite	10-50 yrs	3-10 yrs	3-40 yrs	3-50 yrs		10-40 yrs	20-50 yrs	50 yrs	25-80 yrs			
							In millions						
Historical Cost													
Beginning of year	$ 2,437	$ 31,609	$ 4,156	$ 5,633	$ 1,584	$ 45,419	$ 419	$ 18,695	$ 2,052	$ 1,396	$ 22,561	$ 67,980	$ 64,821
Additions	74	1,529	251	339	201	2,394	23	1,270	41	24	1,358	3,752	3,558
Transfers and adjustments [h]	1	5	-	(24)	11	(7)	2	-	-	(1)	1	(6)	13
Disposals including write-downs	(15)	(47)	(104)	(126)	(29)	(321)	(1)	(9)	-	-	(10)	(331)	(412)
	2,497	33,096	4,303	5,822	1,767	47,485	443	19,956	2,093	1,418	23,910	71,395	67,980
Accumulated Amortization													
Beginning of year	-	11,618	2,946	3,726	920	19,210	236	4,786	510	401	5,931	25,141	23,352
Amortization expense	-	857	362	437	75	1,731	11	407	44	18	480	2,211	2,082
Transfers and adjustments	-	1	(3)	(3)	2	(3)	-	(1)	-	1	-	(3)	7
Effect of disposals including write-downs	-	(30)	(85)	(102)	(21)	(238)	-	(3)	-	-	(3)	(241)	(300)
	-	12,446	3,220	4,058	976	20,700	246	5,188	554	420	6,408	27,108	25,141
Net Book Value at March 31, 2015	$ 2,497	$ 20,650	$ 1,083	$ 1,764	$ 791	$ 26,785	$ 197	$ 14,768	$ 1,539	$ 998	$ 17,502	$ 44,287	
Net Book Value at March 31, 2014	$ 2,437	$ 19,991	$ 1,210	$ 1,907	$ 664	$ 26,209	$ 184	$ 13,910	$ 1,542	$ 994	$ 16,630		$ 42,839

(a) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

(b) Historical costs include $4,313 million (2014: $3,862 million) in construction in progress which will not be amortized until the tangible capital assets are completed and in use. The cost of buildings under capital lease is $171 million (2014: Restated $174 million).

(c) Equipment includes SuperNet, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

(d) Other tangible capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

(e) Land improvements include parks development and grazing reserves.

(f) Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices, and include secondary highways and bridges and some key arterial roadways within cities. Included in these numbers are $2,072 million in historical cost (2014: $1,885 million) and $130 million in accumulated amortization (2014: $99 million) for alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships is $416 million (2014: $406 million).

(g) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

(h) Transfers and adjustments relate to post secondary institutions for accounting policy alignments and reclassifications between capital asset categories.

DEFERRED CAPITAL CONTRIBUTIONS — SCHEDULE 12

	2015	2014
	In millions	
Unspent Deferred Capital Contributions		
Opening unspent deferred capital contributions	$ 165	$ 112
Adjustments from prior period	-	62
Cash contributions restricted for capital	298	251
Transfers to spent deferred capital contributions	(248)	(257)
Transfers to accounts and accrued interest payable	(12)	(3)
Closing unspent deferred capital contributions	$ 203	$ 165

	2015	2014
	In millions	
Spent Deferred Capital Contributions		
Opening spent deferred capital contributions	$ 2,393	$ 2,300
Adjustments from prior period	-	(74)
Transfers from unspent deferred capital contributions	248	257
Transfers from accounts and accrued interest payable	70	49
Deferred capital contributions recognized as revenue	(155)	(139)
Closing spent deferred capital contributions	$ 2,556	$ 2,393

GUARANTEES — SCHEDULE 13

	2015	2014	Expiry Date
	In millions		
Feeder Associations Guarantee Act	$ 55	$ 48	Ongoing
Agriculture Financial Services Act	13	10	Variable
	68	58	
Less estimated liability			
Guarantees	-	-	
	$ 68	$ 58	

Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

Guarantee programs under the following Acts are ongoing:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is $55 million),
- *Agriculture Financial Services Act.*

The lender takes appropriate security prior to issuing to the borrower a loan, which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower.

Included in the guarantees issued under the *Agriculture Financial Services Act* is $8.75 million guaranteed under the Alberta Flood Recovery Loan Guarantee Program (AFRLGP), which was established to assist Alberta businesses directly impacted by the June 2013 flood in Southern Alberta. Under the AFRLGP, the Province has entered into agreements with financial institutions guaranteeing repayment of up to 75% of loans issued under this program.

The financial statements of the following entities are fully consolidated in these financial statements:

GOVERNMENT SECTOR ENTITIES

Offices of the Legislative Assembly

Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner
Office of the Child and Youth Advocate
Office of the Public Interest Commissioner

Departments

Aboriginal Relations
Agriculture and Rural Development
Culture and Tourism
Education
Energy
Environment and Sustainable Resource Development
Executive Council
Health
Human Services
Infrastructure
Innovation and Advanced Education
International and Intergovernmental Relations
Jobs, Skills, Training and Labour
Justice and Solicitor General
Municipal Affairs
Seniors
Service Alberta
Transportation
Treasury Board and Finance

Regulated Funds

Access to the Future Fund
Alberta Cancer Prevention Legacy Fund
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund

Regulated Funds (continued)

Alberta Lottery Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Climate Change and Emissions Management Fund
Environmental Protection and Enhancement Fund
Historic Resources Fund
Land Stewardship Fund
Post-closure Stewardship Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

Provincial Agencies

Agriculture Financial Services Corporation
Alberta Capital Finance Authority
Alberta Energy Regulator
Alberta Enterprise Corporation
Alberta Environmental Monitoring, Evaluation and Reporting Agency [a]
Alberta Foundation for the Arts
Alberta Historical Resources Foundation
Alberta Innovates - Bio Solutions
Alberta Innovates - Energy and Environment Solutions
Alberta Innovates - Health Solutions
Alberta Innovates - Technology Futures
Alberta Investment Management Corporation
Alberta Livestock and Meat Agency
Alberta Local Authorities Pension Plan Corp.
Alberta Pensions Services Corporation
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sports Connection
Alberta Transportation Safety Board
Alberta Utilities Commission
Human Rights Education and Multiculturalism Fund
Natural Resources Conservation Board
The Government House Foundation
The Wild Rose Foundation
Travel Alberta

Government Organizations

Alberta Insurance Council
Gainers Inc.
N.A. Properties (1994) Ltd.
Safety Codes Council

CROWN-CONTROLLED SUCH SECTOR ORGANIZATIONS

School Jurisdictions and Charter Schools

Almadina School Society
Aspen View Public School Division No. 78
Aurora School Ltd.
Battle River Regional Division No. 31
Black Gold Regional Division No. 18
Boyle Street Education Centre
Buffalo Trail Public Schools Regional Division No. 28
Calgary Arts Academy Society
Calgary Girls' School Society
Calgary Roman Catholic Separate School District No. 1
Calgary School District No. 19
Canadian Rockies Regional Division No. 12
CAPE-Centre for Academic and Personal Excellence Institute
Chinook's Edge School Division No. 73
Christ the Redeemer Catholic Separate Regional Division No. 3
Clearview School Division No. 71
Connect Charter School Society
East Central Alberta Catholic Separate Schools Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
Foothills School Division No. 38
Fort McMurray Public School District No. 2833
Fort McMurray Roman Catholic Separate School District No. 32
Fort Vermilion School Division No. 52
Foundations for the Future Charter Academy Charter School Society
Golden Hills School Division No. 75
Grande Prairie Roman Catholic Separate School District No. 28
Grande Prairie School District No. 2357
Grande Yellowhead Public School Division No. 77
Grasslands Regional Division No. 6

School Jurisdictions and Charter Schools (continued)

Greater North Central Francophone Education Region No. 2
Greater St. Albert Roman Catholic Separate School District No. 734
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51
Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1
Palliser Regional Division No. 26
Parkland School Division No. 70
Peace River School Division No. 10
Peace Wapiti School Division No. 76
Pembina Hills Regional Division No. 7 (including Alberta Distance Learning Centre)
Prairie Land Regional Division No. 25
Prairie Rose School Division No. 8
Red Deer Catholic Regional Division No. 39
Red Deer Public School District No. 104
Rocky View School Division No. 41
St. Albert Public School District No. 5565
St. Paul Education Regional Division No. 1
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38
Sturgeon School Division No. 24
Southern Francophone Education No. 4
Suzuki Charter School Society
Valhalla School Foundation
Westmount Charter School Society
Westwind School Division No. 74
Wetaskiwin Regional Division No. 11
Wild Rose School Division No. 66
Wolf Creek School Division No. 72

Post-secondary Institutions

Alberta College of Art and Design
Athabasca University
Banff Centre
Bow Valley College
Grande Prairie Regional College
Keyano College
Lakeland College
Lethbridge College
MacEwan University
Medicine Hat College
Mount Royal University
NorQuest College
Northern Alberta Institute of Technology
Northern Lakes College
Olds College
Portage College
Red Deer College
Southern Alberta Institute of Technology
University of Alberta
University of Calgary
University of Lethbridge

Alberta Health Services and Other Health Entities

Alberta Health Services
Health Quality Council of Alberta

The following organizations are accounted for on the modified equity basis in these financial statements:

Government Business Enterprises

Alberta Gaming and Liquor Commission
ATB Financial
Credit Union Deposit Guarantee Corporation
Alberta Petroleum Marketing Commission

(a) The Alberta Environment Monitoring, Evaluation and Reporting Agency was created on April 28th, 2014 and operates under the authority of the *Protecting Alberta's Environment Act*.

GLOSSARY

Absolute return strategies: Absolute return strategies (hedge funds) encompass a wide variety of investments with the objective of realizing positive returns regardless of the overall market direction. A common feature of many of these strategies is buying undervalued securities and selling short overvalued securities. Some of the major types of strategies include long/short equity, merger arbitrage, fixed income arbitrage, macroeconomic strategies, convertible arbitrage, distressed securities and short selling.

Accrued interest: Interest income that has been earned but not paid in cash at the financial statement date.

Alternative investments: Investments considered outside of the traditional asset class of stocks, bonds and cash. Examples include hedge funds, private equities, private income, timberland and asset-backed commercial paper.

Amortized cost: Amortized cost is the amount at which a financial asset or a financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Ask price: The price a seller is willing to accept for a security, also known as the offer price.

Asset mix: The percentage of an investment fund's assets allocated to major asset classes (for example 50% equities, 30% interest-bearing securities and 20% inflation sensitive and alternative investments).

Bid price: The price a buyer is willing to pay for a security.

Cash equivalents: Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short tem cash commitments rather than for investing or other purposes.

Constructed budget: The result of revising the Province's Fiscal Plan to the same basis and scope of reporting as that used in the consolidated financial statements.

Credit risk: The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Debenture: A financial instrument showing a debt where the issuer promises to pay interest and repay the principal by the maturity date. It is usually unsecured, meaning there are no liens or pledges on specific assets.

Debt servicing cost: Debt servicing costs consists of interest paid on various forms of government debt.

Deferred capital contribution: The unamortized portion of tangible capital assets or liabilities to construct or acquire tangible capital assets from specific purpose funding received from the Government of Canada or by donation. Deferred capital contributions are recorded in revenue over the estimated useful life of the underlying tangible capital assets once constructed or acquired by the Province.

Defined benefit pension plan: A pension plan that specifies either the benefits to be received by an employee, or the method of determining those benefits, such as a pension benefit equal to two percent of the average of the five highest consecutive years' salary times the total years of service.

Derecognition: The removal of previously recognized financial assets or financial liabilities from a government's statement of financial position.

Derivative contract: Financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates, or currency rates. They usually give rise to a financial asset of one party and a financial liability or equity instrument of another party, require no initial net investment, and are settled at a future date.

Discount: The difference between the price paid for a security and the security's par or face value. Because price fluctuates with interest rates, price will differ from the face value. For example, if interest rates are higher than the coupon rate, then the security is sold at a discount.

Emerging market: An economy in the early stages of development, with markets of sufficient size and liquidity, and receptive to foreign investment.

Endowment funds: Endowment funds generally are established by donor gifts and bequests to provide a permanent endowment, which is to provide a permanent source of income, or a term endowment, which is to provide income for a specified period. The endowments may or may not be restricted in how they are used.

Fair value: The amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value is similar to market value.

Financial asset: An asset that could provide resources to pay liabilities or finance future operations. A financial asset could be cash, a right to receive cash or another financial asset from another party, a right to exchange financial instruments with another party under conditions that are potentially favourable, or equity of another entity.

First-in, first-out: A method of valuing inventory where the cost of the first goods purchased or acquired is the cost assigned to the first goods sold. Therefore, the cost allocated to the inventory items on hand at the end of the period is the cost of those items most recently acquired.

Fixed income instrument: Interest bearing instrument that provides a return in the form of fixed periodic payments and eventual return of principal at maturity, or money market instrument such as treasury bills and discount notes.

Floating rate: An interest rate that is reset periodically, usually every couple of months or sometimes daily.

Hedging: An activity designed to manage exposure to one or more risks. When management designates a hedging relationship, it must identify the specific items included in the hedging relationship, the risk that is being hedged, and the period over which the hedging relationship is intended to be effective. The designation of the hedging relationship is documented formally in the entity's records when designation occurs.

Interest rate risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market interest rates.

Liquidity: The ease with which an asset can be turned into cash and the certainty of the value it will obtain.

Market risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market prices.

Net realizable value: The selling price less the estimated costs of completion and costs necessary to make the sale.

Par value: A value set as the face or principal amount of a security, typically expressed as multiples of $100 or $1,000. Bondholders receive par value for their bonds at maturity.

Prepaid expenses: An expenditure that is paid for in one accounting period, but which will not be entirely consumed until a future period. Consequently, it is carried on the Consolidated Statement of Financial Position as an asset until it is consumed.

Present value: Today's value of one or more future cash payments, determined by discounting the future cash payments using interest rates.

Price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Prior year expenditure refunds: When recoveries of overpayments or payments made in error occur in the current year and the recovery is related to an expenditure of prior years, the recovery is accounted for as revenue of the current year.

Private equity: An ownership interest in a privately held company.

Public private partnership (P3): A legally-binding contract between the Province and one or more public or private partners for the provision of assets and the delivery of services that allocates responsibilities and business risks among the various partners.

Realized gains and losses: Gains or losses are realized when investments are sold at a price over or below its book value and selling costs.

Refinancing risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate due to refinancing.

Segment: A distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the financial statements identify the resources allocated to support the major activities of the government.

Temporary loss: Determining when a loss is other than temporary is a matter of judgment, but it is generally presumed if a condition indicating a loss in value has persisted for a period of three or four years.

Unmatured debt: Unredeemed Government securities that have not matured and that are issued in respect of money raised under section 56(1) of the *Financial Administration Act*, and the total outstanding borrowings of Alberta Social Housing Corporation.

Yield curve: A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates.

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MEASURING UP

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Responsibility for the integrity and objectivity of the performance results reported in the province's annual performance report *Measuring Up*, a component of the Government of Alberta's Annual Report, rests with the government. *Measuring Up* is prepared by the Assistant Deputy Minister of Budget Development and Reporting under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to Section 12 of the *Fiscal Management Act.*

Under Section 12, the government is to prepare and make public on or before June 30 of each year an annual report for the Province of Alberta for the fiscal year ended on the preceding March 31. The annual report must include a comparison of the actual performance results to the targets included in the government business plan and an explanation of any significant variances. As required by the *Fiscal Management Act, Measuring Up* is published with the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

In order to meet government reporting requirements, the Assistant Deputy Minister of Budget Development and Reporting obtains performance results relating to each ministry as necessary. Deputy heads in each ministry are responsible for maintaining management and internal control systems to ensure that the information provided by their ministry for presentation in *Measuring Up* is prepared in accordance with the following criteria:

- **Reliability**— information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability**—the performance measure methodologies and results are presented clearly.
- **Comparability**—the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness**—goals, performance measures and related targets match those included in *Budget 2014.*

Measuring Up is reviewed by the Audit Committee, which is established under the *Auditor General Act.* The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of *Measuring Up.* The Auditor General of Alberta provides an independent report on the verification of completeness, reliability, comparability and understandability of four of 18 performance measures published in *Measuring Up.* The four audited performance measures are identified in *Measuring Up* with "audited". Performance measures for each goal were selected for audit based on a combination of characteristics including: best represented the goal and mandated initiatives; had well established methodology and reporting of data; and had outcomes over which the government had a greater degree of influence.

Annually, *Measuring Up* is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Original signed by

Ray Gilmour
Deputy Minister of Treasury Board and Finance
June 22, 2015

Measuring Up is part of the Alberta government's commitment to be accountable and transparent to the people of Alberta. It endeavours to go beyond the reporting of financial information by answering the questions: what did the government achieve with the dollars spent and did the government make progress toward achieving its goals?

Answering these questions is accomplished by comparing the results of performance measures to targets and reporting on progress made on key priorities identified under the seven goals of the 2014–17 Government of Alberta (GoA) Strategic Plan. When comparing targets to results, readers will notice that sometimes targets do not correspond directly with a measure's previous or current results. Targets may be set before these results are known or may be based, not on projected results, but instead on public expectations or comparisons to the results that other organizations have achieved.

In addition to performance measures, the strategic plan goals have performance indicators. Performance measures illustrate what progress is being achieved relative to desired outcomes, while indicators help outline the bigger picture and long-term goals.

Analysis comparing results to targets is presented with the performance measure graphs. Indicator graphs and graphs presenting contextual information have descriptive analysis to assist the reader in understanding the information presented.

Performance measure report tables, the Auditor's Report on selected performance measures and sources and notes are included in *Measuring Up 2015* on the same basis as previous reports; however, the results narrative is presented somewhat differently than it has been presented in prior years. Results are organized by the priorities identified under each GoA Strategic Plan goal. In additon to the specific priorities committed to in the Strategic Plan, government carries out its basic functions through its day-to-day operations. Not all activities are included in *Measuring Up*, just those priorities identified in the GoA 2014-17 Strategic Plan.

A description of the following basic functions of government are included in *Measuring Up 2015:*

- Agriculture, Resource Management and Economic Development
- Education
- Environment
- General Government
- Health
- Social Services and Housing
- Protection of Persons and Property
- Recreation and Culture
- Regional Planning and Development
- Transportation, Communications and Utilities

All government programs and services are categorized under one of these 10 internationally accepted functional categories.

Measuring Up 2015 also includes a strategic context section that outlines a number of important challenges the government faces in achieving its desired outcomes.

Finally, *Measuring Up 2015* outlines both objectives and strategies as outlined in the GoA 2014-17 Strategic Plan and further provides a discussion on the government's capability to deliver results.

DESCRIPTION OF THE BASIC FUNCTIONS OF GOVERNMENT

Below is a list describing the basic functions of the Government of Alberta. These functions are common to most countries with political structures like Canada's federal, territorial and provincial governments.

Agriculture, Resource Management and Economic Development

Agriculture, Resource Management and Economic Development includes policies, programs and services related to agriculture, fish and game, oil and gas, mining, forestry, public land management, resource conservation, research establishments, economic development for industry and trade, tourism and other economic sectors, labour force development and immigration.

Education

Education includes policies, programs and services related to early childhood to secondary education (e.g., school boards, schools, teachers, curricula, textbooks and classroom resources), advanced education (e.g., universities, colleges, technical institutes, apprenticeship and industry training and support to adult learners) and retraining (e.g., skills upgrading).

Environment

Environment includes policies, programs and services related to sustainable environmental management, ensuring safe and adequate supplies of water, actions taken on climate change and protection of the land.

General Government

General Government includes the Legislature, the Lieutenant Governor, government and legislative staff and officials, and policies, programs and services related to international and intergovernmental relations and general administration (including budgeting and financial reporting, tax and revenue collection, communications and corporate human resources). The debt servicing function is included in this function.

Health

Health includes policies, programs and services for all Albertans, including hospital services, continuing care facilities, medical care, drug programs, preventive care, health promotion, disease and injury prevention and health protection services, diagnostic services, alcohol and drug rehabilitation programs and health-related supports for persons with disabilities.

Social Services and Housing

Social Services include policies, programs and social support services for people in need including rent supplements, child care, preventive programming, support for families and seniors, child intervention and family enhancement services, and the prevention of family violence and bullying. This area also includes income support for adults and seniors, support for those whose ability to work may be limited due to illness or disability, and community-based supports for persons with disabilities. In addition, Social Services includes services for victims of crime and provision of legal aid. Assistance is provided to individuals and families to be safe, healthy, resilient and self-reliant by overcoming at-risk circumstances.

Protection of Persons and Property

Protection of Persons and Property includes policies, programs and services related to public security, emergency management, policing, firefighting, the judicial system, financial services, human rights, maintenance enforcement, a variety of regulatory measures, labour relations, employment standards, safety codes, safe work environments, and correctional and rehabilitation services.

Recreation and Culture

Recreation and Culture includes policies, programs and services related to recreation, sport, culture, historical artefacts and sites, museums, libraries and provincial parks.

Regional Planning and Development

Regional Planning and Development includes policies, programs and services related to community and regional development affairs including planning and zoning, Aboriginal communities and land claim negotiations and settlements.

Transportation, Communications and Utilities

Transportation, Communications and Utilities includes policies, programs and services related to provincial transportation, pipelines, and gas and electricity utilities. It also includes provincial grants to local authorities for related capital infrastructure.

STRATEGIC CONTEXT

The Government of Alberta faces a number of important challenges in achieving its desired outcomes:

Governance

Government has a complex, multi-faceted mandate that must account for shifting social, political and economic landscapes. It must develop and deliver policies, programs and services that address a range of interests and concerns, and in a way that meets the needs and expectations of a diverse and ever-changing public. Importantly, government programs and services must be innovative and flexible, accounting for the province's growing social and commercial diversity while promoting economic growth and development, respect for the environment, and public health and safety, and doing so within the confines of a fiscal and economic environment that limits government action.

At the same time, government operates in an external environment which can demand immediate solutions to long-standing, often intractable problems. Demonstrating clear progress on programs and services that promote the public good is difficult. Moreover, government's many organizational structures tend to be vertical, which can sometimes lead to program duplication and program gaps, as well as inconsistencies in policies, standards and practices. The difficulty with horizontal integration and collaboration can result in missed opportunities to draw on expertise from within ministries and from across the public service, impacting government's ability to develop more comprehensive solutions to increasingly complex problems.

Demographic Changes

Alberta's population has increased by nearly one million people in the past decade. By 2020, the province will be home to 4.6 million people, with a projected population of more than six million by 2041. The majority of this increase will come from interprovincial and international migration, as well as growth of the province's Aboriginal population. The proportion of seniors in Alberta's population will also grow with the number of seniors expected to double to nearly one million people by 2030.

Alberta's population has a shifting demographic profile characterized by increasing and evolving needs for education and training, energy, health care, housing, infrastructure and transportation, justice and protective services, recreation and cultural amenities and social services.

Fiscal and Economic Environment

Taxpayers expect government to deliver quality programs and services in a timely, cost-effective and transparent manner. They expect government to balance revenues and spending and to ensure that decision-making is evidence-based and informed by fiscal discipline that aligns spending and priority programs.

Taxpayers recognize the need for long-term investment and expect those investments to be prudent and create value. They are willing to fund programs and services that provide for the less fortunate, with the expectation that such programs and services will lead to improved outcomes.

At the same time, however, different constituencies have different needs and different priorities, and some groups may expect government to prioritize delivery of programs and services that address their particular concerns. This can generate tensions, as some groups may believe that the failure to secure public resources is the result of other constituencies obtaining government support at their expense. Government, then, must serve as arbiter, striving to balance the allocation of public resources among competing interests in a manner that is both judicious and impartial, and often in an environment in which some constituencies may not support those decisions.

The Need to Compete

The global economy is becoming increasingly integrated and interdependent. New competitors are emerging, and capital is increasingly mobile, owing to advances in telecommunications, transportation, storage, and management practices.

Governments in advanced industrial states face a difficult challenge in an increasingly globalized world. On the one hand, there is the desire to maintain high standards for labour and the environment, the protection of civil liberties and the social safety net. On the other hand, governments in developed economies recognize that investors will direct capital where returns are highest, including jurisdictions which compete on the basis of low wages.

Government is in a difficult position as it strives to develop policies that reconcile these contradictory values, a challenge perhaps most readily apparent in government efforts to develop a tax regime that encourages the inflow of investment capital, but which also provides government with the resources needed to maintain important programs and services, including those geared to diversifying the economy, enhancing productivity and strengthening society.

OBJECTIVES AND STRATEGY

As indicated in the GoA 2014-17 Strategic Plan, the government's focused agenda initiatives were developed to respond to the short-term challenges facing Alberta, including pressures on Alberta's fiscal position caused by unstable non-renewable resource revenues, while positioning Alberta for long-term success, stability and prosperity.

While these seven initiatives represented the government's primary strategic focus over the life of the plan, the ongoing business of government remained critical in providing the quality programs and services that contribute to Albertans' high quality of life. They were described under the government's seven goals:

- Honour Alberta's Communities
- Support Vulnerable Albertans
- Healthy Albertans
- Invest in Learning
- Living Within our Means
- Innovative and Responsible Resource Development
- Build Relationships and Open Markets

Each goal had associated performance measures and indicators. Performance measures illustrate what progress is being achieved relative to desired outcomes, while indicators help outline the bigger picture and long-term goals.

CAPABILITY TO DELIVER RESULTS

The government relies on its employees, internal infrastructure and logistical support, strong relationships with other stakeholders and a well-functioning legal and regulatory system to deliver outcomes for Albertans.

Employees

Government requires a professional and effective public service to deliver government programs and services. In December 2014, an advisory committee on the Alberta Public Service (APS) was formed to identify strategies to attract and retain talent in the public service, modernize government operations and strengthen the overall effectiveness of the public service.

Strong leadership at all levels is critical to building and supporting excellence across the Government of Alberta. Development of an executive talent management strategy is underway, as well as initiatives related to recognizing excellence in the public service, enhancing policy capacity, supporting learning and development and a respectful workplace. Work is also underway to refresh the APS instruments for gathering employee workplace input to ensure optimal engagement and a high performing public service. A new cross-ministry internal communications network has also been established to foster effective and timely internal communication.

Infrastructure and logistical support

Enterprise and ministry support services provide critical support to front-line employees, fostering the effective and efficient delivery of programs and services. This support includes policy capacity, planning, the provision of owned and leased office space, financial, legal and human resource services, information technology, information management, procurement and other logistical services.

Recent changes have been made to increase the efficiency and effectiveness of these supports. The migration of the technology environments of all government ministries to one "domain" will reduce costs, improve services for employees and make it easier for the government to capitalize on new IT developments. The implementation of an information management strategy will allow for a more effective management of government information, improving cross-government collaboration and increasing the ability of ministries to use information as a resource. Implementing new accommodation policies will free up more space, reducing accommodation costs.

Relationships

While in many cases the government delivers programs through its departments and related entities, the relationships that it has with municipal, provincial and federal governments, the private and non-profit sectors and Aboriginal and Metis organizations play an important role in the government's capacity to deliver results for Albertans. Key developments in 2014-15 include:

- Following extensive consultations with Albertans, municipal governments and other stakeholders, the first round of amendments to the *Municipal Government Act* were passed by the Legislature. This set of amendments enhances municipal accountability and transparency, enables more efficient municipal operations, enhances municipal viability and strengthens municipal and inter-municipal planning.
- Government continued to work with Siksika and Stoney Nakoda Nations to repair and rebuild homes affected by the 2013 southern Alberta floods.
- The new Canada-Alberta Job Grant was announced. The program provides funding for skills training; helping employers fill vacant jobs and workers gain the skills they need to succeed in the workplace.
- The government worked with provincial, territorial, federal and international governments to expand multilateral and bi-lateral partnerships to develop cooperative approaches on issues of mutual interest. The continued implementation of a new International Strategy will shape relationships to advance four strategic objectives: diversifying markets to expand the economy; building Alberta's reputation as a global citizen;

preparing Albertans for success in the global community; and, prioritizing and integrating government actions to take advantage of international opportunities.

Legal and Regulatory System

The government uses its legal and regulatory powers to influence the decisions of individuals and businesses. Regulation can help achieve important outcomes in many areas, including food safety, environmental protection, resource development and workplace safety. In 2014-15, key regulatory developments include:

- The South Saskatchewan Regional Plan (SSRP) which came into effect September 1, 2014, following consultation and engagement with Albertans. The SSRP addresses key issues and provides strategic direction to balance environmental and social values with development. The final SSRP provides clear outcomes and management frameworks with triggers and limits to allow timely policy decisions and provide clear direction for regulatory decisions by the Alberta Energy Regulator and land-use decision makers.
- The Surface Water Quantity Management Framework, introduced in February 2015, establishes stringent water use requirements for both current and future mineable oil sands operators that draw water from the Lower Athabasca River.
- On October 1, 2014 the Alberta Energy Regulator's jurisdiction expanded to include environmental assessments for all energy-related projects – the last step to becoming the single regulator for oil, natural gas, oil sands and coal developments. The environmental assessment process requires companies to examine the effects that a proposed project may have on the environment.

Goal 1 — Alberta's communities are safe, prosperous, welcoming culturally diverse and desirable places to live or destinations to visit.

PRIORITY: Develop a Culture Plan to promote sustainability and long-term growth of the culture sector.

The government worked on the development of the Culture Plan. A Recommendations Report was developed which is designed to be a blueprint for Alberta's cultural prosperity and the long-term growth of the cultural sector. It focuses on three areas: owning and sharing the Alberta story, space and facilities, and innovation and funding.

Through promoting an understanding among Albertans of the benefits of participating in and supporting cultural activities, the government uses culture to connect people and communities through their heritage, ideals and values while attracting and retaining newcomers, investors, creative people, visitors and employers.

PRIORITY: Grow Alberta as a tourism destination.

In 2014-15, the government attracted visitor and viewing audiences from around the world by providing funding to support events such as the Red Bull Crashed Ice Cross Downhill Championship in Edmonton, the 2014 International Triathlon Union World Triathlon Grand Finals and the second year of the Tour of Alberta road-cycling race. The Red Bull Crashed Ice – held for the first time in western Canada – drew an estimated 70,000 people to Edmonton's river valley over the event weekend to watch competitors race down a winding track of ice on skates. The event was projected to bring approximately seven million dollars in economic benefits to the City of Edmonton. To enhance the experience of attendees of the World Triathlon Grand Finals and the Tour of Alberta, the government worked with host communities to develop successful festivals as part of the events.

In 2014-15, the government continued its work to improve air access to Alberta and its tourism regions. In December 2014, the government led the development of Alberta's air access position to inform the submission to the Canada Transportation Act Review Panel. Policy recommendations will help facilitate growth of direct air capacity between Alberta and priority markets for tourism, trade and business. The government also led air access discussions at the Federal-Provincial-Territorial Council of Canadian Tourism Ministers' meeting in Charlottetown, Prince Edward Island in September 2014. The discussions reinforced the need for policy changes to facilitate more direct and cost-effective air service between Canadian provinces and key inbound tourism destinations. In addition, the government worked closely with Edmonton International Airport, KLM Royal Dutch airlines and other stakeholders to secure a new direct air service between Edmonton and Amsterdam. The service will operate three times a week with an extra weekly flight during the summer peak period. Collaboration also continues with the Calgary, Edmonton and Fort McMurray international airports to ensure direct air access to and from Alberta's target markets remains a priority.

PRIORITY: Through a collective approach with the physical activity sector, increase the levels of physical activity within Alberta workplaces and in Alberta communities during the after school time period.

In September 2014, interviews took place with external stakeholders to explore the need for a provincial After School Agenda in Alberta. The resulting report outlined the importance of after school programs including the elements necessary for a provincial After School Agenda, fundamental agenda principles and the action steps needed to advance the initiative. As a result, the government focused on providing a coordinated

approach through the development of an on-line Alberta After School hub. The hub continues to develop with the assistance of recreation partners.

The government initiated quarterly activity challenges to increase awareness of the importance of daily physical activity in the workplace and schools. The Legislature hosted an event on National Child Day with the theme – It's our right to play. The event took place at the Monsignor William Irwin School and at the Legislature with grade six students from the school. The University of Alberta's Be Fit For Life Centre and the Aboriginal Friendship Centre facilitated a traditional Aboriginal games session with the class.

On February 4, 2015, all Albertans were encouraged to go outdoors and take part in Winter Walk Day. Over 126,000 Albertans took part in an activity with their family, friends, or co-workers.

PRIORITY: Public Safety and Resilient Communities

A new Community Emergency Management Program (CEMP) was developed; CEMP is an on-line tool intended to provide community emergency management experts access to emergency management planning resources and help communities to develop emergency management plans. For the first time, communities now have a standard, readily accessible resource to help them plan for emergencies, regardless of community size and location. This will ensure a common approach to province-wide emergency management. One of the most valuable components of CEMP is an on-line risk assessment tool which allows communities to identify their risks using the Hazard Identification and Risk Assessment methodology. The data that communities begin generating in CEMP will lead to the development of an all-hazards risk assessment for the province.

A significant accomplishment in 2014-15 was the launch of a mobile alerting application as part of the Alberta Emergency Alert program – Albertans can now receive alerts through this new smartphone application. As the provincial public alerting system, Albertans rely on Alberta Emergency Alert to inform them about life-threatening events such as AMBER Alerts, wildfires, and floods. In addition to the mobile application, Alberta Emergency Alert has a variety of effective ways to issue public alerts including radio, TV, a public website, and social media.

A project to map flood hazard areas of the province is underway. The maps will help to inform and prioritize future flood mitigation efforts, and will also form the basis for a new Floodway Development Regulation that will minimize future risk to Albertans by carefully managing any further development within those areas most prone to flooding. The information will help with the establishment of rules on recovery assistance in the case of future floods.

Flood mitigation is being addressed through federal-provincial-territorial discussions regarding approaches and initiatives at the national level. The Alberta Emergency Management Agency is coordinating Alberta's participation in the federal National Disaster Mitigation Program to cost share mitigation projects.

The Government of Alberta agreed through Memorandums of Understanding to rebuild and repair all Siksika and Stoney Nakoda Nation homes affected by the 2013 southern Alberta floods.

Goal 2 Vulnerable Albertans are safe, and have opportunities to contribute to and benefit from Alberta's economic, social and cultural life.

PRIORITY: Work with communities to develop a poverty reduction strategy that will eliminate child poverty in Alberta in five years, and reduce overall poverty in 10 years.

Social challenges like poverty are complex and solutions require collaboration across a number of sectors, including individuals, families, communities, non-profit organizations, the private sector and all levels of government. Poverty results in a lower quality of life and can lead to long-term health problems and prevent people from participating in educational, employment and recreational opportunities.

The government delivered a number of programs and initiatives that contribute to poverty reduction, both directly and indirectly. For example, housing 5,670 Albertans through the Housing First approach to homelessness in 2014-15, assisting over 130,000 families through the Family Employment Tax Credit, and providing support to cover the costs of child care to an average of 23,869 families per month.

PRIORITY: Early Childhood Development (ECD)

In March 2014, the government provided a grant to Getting Ready for Inclusion Today to complete a two-year pilot program designed to increase the skills, knowledge, and confidence of early childhood educators to support participation of children with disabilities in early learning and child care settings.

The five-year ECD Mapping Project gathered valuable information about the development of young children in communities across the province. This information has been utilized in planning for services in communities, including the location of new Parent Link Centres (PLCs).

On March 27, 2015, the government provided $1.05 million to support new PLCs in Edmonton City Centre, Innisfail and Sylvan Lake. With the addition of the three new centres, Parent Link Centres will operate in 53 locations that will reach more than 185 communities across Alberta. An additional $1.05 million was also invested in existing PLCs in areas of the province where Early Development Instrument data results showed greatest need. The funding will enhance outreach capacity and implementation of strategies to support healthy child development in the communities served. PLCs provide children, families and caregivers with free resources and support to develop nurturing environments, which play a key role in early childhood development for Alberta's children and support the province's work in early intervention and prevention.

The government also successfully implemented several demonstration projects to support vulnerable, pregnant and postpartum women, including the six First Nations Parent-Child Assistance Programs and Health, Empowered and Resilient Pregnancy Program in Edmonton to address the risk of Fetal Alcohol Spectrum Disorder.

An innovative two-year parenting project has been developed that will be delivered through a partnership between the government and the University of Calgary. The Welcome to Parenting initiative is designed to support newborns and their parents, who have been identified as needing extra help, by providing parenting information, children's books, toys, blankets and other items that support positive early childhood development. The goal is to help parents understand the value of bonding with their infant and activities such as reading to their babies. Four communities were chosen (Edmonton, Calgary, Grande Prairie and Coaldale) based on high birth rates and community readiness, including parents' ability to access programs and services through Parent Link Centres.

Increasing developmental screening capacity in early childhood settings across the province was a high priority in 2014-15, including in Parent Link Centres and home visitation and child care programs in an effort to identify children who are not meeting developmental milestones and connect families to appropriate resources. In 2014-15, the focus was on providing refresher workshops to support the ongoing skill development of trainers and implementing support for practitioners in their work with children and families.

Goal 3 Alberta's health care system gives Albertans the supports they need to lead healthy lives.

PRIORITY: Expand continuing care opportunities including community-based hospice/palliative care.

Two demonstration Continuing Care Centres opened in Alberta in February 2014. Whenever possible these sites enable Albertans to remain in one location when their health and personal needs change; minimizing the need to move to a new physical setting. Albertans in a Continuing Care Centre are able to continue to live as couples or nearby extended families and friends, whenever requested and appropriate.

Government partnered with Alberta Health Services in the development and implementation of a palliative care initiative and end-of-life care provincial initiative to better support palliative patients to remain in their homes and communities. The Emergency Medical Services (EMS) Assess, Treat and Refer (ATR) Program allows for timely assessment of symptom crisis and support to avert unnecessary transport to Emergency Department or Acute Care locations. As the program broadens across Alberta, the EMS ATR data reflects success with increasing numbers of averted transports.

PRIORITY: Partner with providers and communities to develop additional continuing care services.

An updated strategy for the province is being developed through consultation with expert stakeholders. The strategy will set out a direction for the continuing care system and focus on supporting individuals who require services to remain in their community as they age.

Through a grant to the Alzheimer Society of Alberta and Northwest Territories (ASANT) an on-line learning environment for people with dementia and their caregivers, called the ASANT Café was launched in April 2014. The website allows family members, care partners, friends and individuals affected by Alzheimer's disease and other dementias a place to connect, share, discuss and learn.

PRIORITY: Continue to enhance and expand Alberta's electronic health records and personal health portal in order to foster greater sharing of health information between service providers and Albertans through a review of the *Health Information Act* and an enhancement of health data analytics capacity.

The Alberta Netcare deployment team enabled authorized health information custodians to have access to the provincial Electronic Health Records (EHR). As of March 2015, 50,106 care providers had access to the EHR.

MyHealth.Alberta has been enhanced in preparation for the planned public launch in early 2016. The registration process for an Albertan to get a Personal Health Record has been simplified. Technology compatibility has been improved to provide a broader selection of mobile and monitoring devices. This will enable Albertans to access and update their Personal Health Records from mobile devices as well as upload data directly from devices such as blood pressure monitors and blood glucose meters. The Provincial Digital Identity Service will be leveraged to provide the authentication and identity verification required for securing Albertans' Personal Health Records.

PRIORITY: Primary Health Care

The government is committed to providing the support needed to improve evolving primary care delivery that responds to the health care needs of Albertans. Alberta's Primary Health Care Strategy, released in May 2014, sets the direction for Primary Health Care transformation and reinforces the vision for Albertans to be as healthy as they can be.

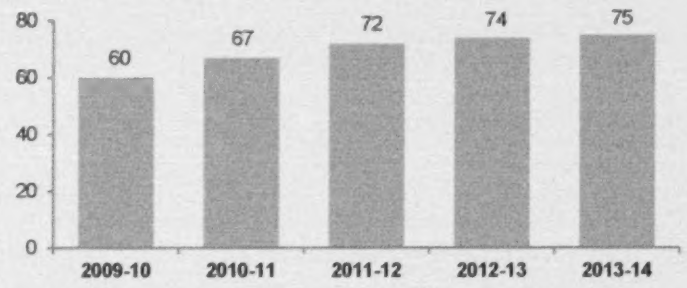
The Strategy was developed through a collaborative process involving expertise in primary healthcare delivery, administration, research, education, and community development. The Strategy establishes strategic directions and goals for the long-term transformation of primary healthcare in Alberta. An Action Plan for 2015-20 is currently under development.

Indicator Analysis:

The 2013-14 result for this indicator of 75 per cent is an increase of 1% from the previous year. In the 2013-14 fiscal year, 3,289 primary care physicians (family physicians, general practitioners, pediatricians and nurse practitioners) were registered with PCNs in Alberta, with 3,170,243 Albertans receiving primary health care services through PCNs. During this same time, 294 additional providers registered with existing PCNs, and an additional 176,961 Albertans enrolled in existing PCNs. The total Alberta population covered by the Alberta Health Care Insurance Plan also grew by 160,063, an increase of 3.93 per cent from the 2012-13 fiscal year.

Access to Primary Care through Primary Care Networks

Percentage of Albertans enrolled in a Primary Care Network



Source: Government of Alberta. Alberta Health. Alberta Health Care Insurance Plan Statistical Supplement

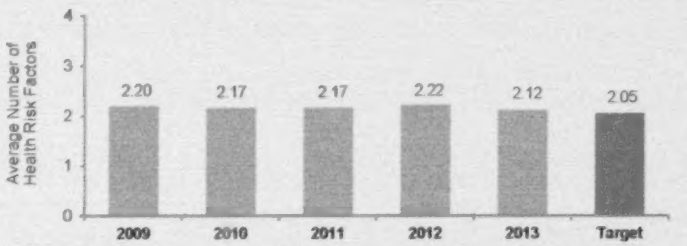
Results Analysis:

Although it did not meet the set target of 2.05, the most recent Healthy Alberta Risk Trend Index (HARTI) result (2013) shows a significant reduction to 2.12 from 2.22 in the previous year (2012). It is also the lowest result recorded for this measure in the last ten years.

With any of these complex health risk behaviours, a range of factors drives shifts in the trends; to a large extent these include other social and economic conditions, and targeted policy and program initiatives that are of sufficient reach, scope, and dose to have an effective impact on whole populations. In areas such as tobacco reduction, significant focus and resources have been invested over time and produced results. Alberta Health Services (AHS) implemented the "Keep Trying Campaign" in 2013. The tobacco cessation campaign targeted single women aged 25 to 44 years of age.

Healthy Alberta Risk Trend Index (HARTI)*

Average number of health risk factors per person aged 20–64 years



Source: Statistics Canada, Canadian Community Health Survey (CCHS) Alberta Share File (file not publicly issued)

* HARTi is calculated using six self-reported indicators of health behaviours known to be risk factors for health, including life stress, body mass index, fruit and vegetable consumption, physical activity, smoking status, and frequency of binge drinking.

As part of the Alberta Alcohol Strategy, a province-wide media campaign targeting binge drinkers occurred from October 28 - November 24, 2014. AHS released an alcohol resource guide to frontline staff with ongoing training, addressing issues such as binge drinking and Canada's low risk drinking guidelines. AHS has also continued consultation with 25 community coalitions to support local efforts to reduce alcohol-related harm including binge drinking.

In terms of program support and investment for physical activity, Alberta has enjoyed consistent support between 2003-2013 for initiatives such as Healthy U, Communities Choose Well, Be Fit For Life Centres, Ever Active Schools and Alberta Centre for Active Living. These initiatives (as well as those undertaken by community partners and municipalities) may help to offset rates of physical inactivity that are associated with an increase in screen-time and sedentary behaviours.

Much work has been done to date on the development of Alberta nutrition guidelines for children and adults. Healthy U 5&1 Experiments (designed to encourage children 6-12 to eat 5 servings of fruit and vegetables and have one hour of activity per day) also targeted parents through a comprehensive social marketing campaign.

Goal 4

Alberta's economy is knowledge-inspired, innovative and diversified, its workforce has the right skills and resiliency to fully participate in a dynamic economy; and its education system is sustainable and meets the lifelong learning needs of Albertans as well as the needs of the province.

PRIORITY: Develop a framework for natural resources innovation that will provide leadership to Alberta's research and innovation system, enhancing environmental sustainability and Alberta's competitiveness in the global economy.

Building upon the Water Research Strategy, released in 2006, this renewed strategy was created to guide Alberta's research and innovation system in responding to challenges faced by the province's water resource system. The renewed strategy focuses on responding to the evolving water management and knowledge needs created by changes in policy agendas, research and innovation governance, and the increasing importance of water issues when securing community approval for industrial projects. Since 2006, over $45 million has been invested by the province in water research. This includes $30 million over seven years announced in 2006 and $15.2 million over three years in 2013. Research and innovation to enhance environmental sustainability and Alberta's competitiveness in the global economy are also key elements in the management frameowrks developed or in development under Alberta's Land-use Framework regional plans as referenced under Goal 6. This includes the:

- South Saskatchewan Regional Plan
  - Surface Water Quality Management Framework;
  - Air Management Framework; and
  - Bio-diversity Management Framework.
- Lower Athabasca Regional Plan
  - Surface Water Quantity Management Framework;
  - Groundwater Management Framework;
  - Air Management Framework;
  - Bio-diversity Management Framework; and
  - Tailings Management Framework

PRIORITY: Enhance learner pathways into and through community learning, post-secondary programs including apprenticeship, and workplaces so that Albertans can better achieve their learning goals.

Providing learners with the freedom to pursue various pathways throughout their education is key to building a knowledge-inspired economy. Improved access and mobility encourages Albertans to discover their talents and aspirations, increasing Albertans' capacity to meet future challenges and opportunities.

Government continues to support provincial learning by ensuring 26 new schools were connected to the high-speed broadband capabilities and services available through the Alberta SuperNet in 2014-15, with another 63 schools to be connected by the end of the 2015 calendar year. It is crucial that young Albertans across the province be able to leverage the internet and provincial curriculum when outside the classroom. In addition, government is continuing work on a multi-year digital strategy and plan to help improve internet access, cost, and performance for Alberta households and businesses across the province.

The government continued to work with schools, communities, post-secondary institutions and industry partners to offer a range of learning opportunities for students. The Provincial Dual Credit Strategy created new opportunities for students to earn post-secondary credits while completing high school. Students can, as a result, take high school courses in such fields as carpentry, welding, esthetics, and accounting and earn credits at a post-secondary institution. There are now a total of 51 dual credit opportunities available. In addition,

the government now has 14 provincially accessible dual credit pathways (13 apprenticeship pathways and a Health Care Aide pathway). (http://education.alberta.ca/department/ipr/dualcredit.aspx)

High school students can also participate in the Registered Apprenticeship Program. Through the program, students are able to earn an income and obtain on-the-job training and work experience as credit toward both an apprenticeship program and a high school diploma. As of December 31, 2014, more than 1,400 high school students were registered in the program and working with employers in different industries across the province.

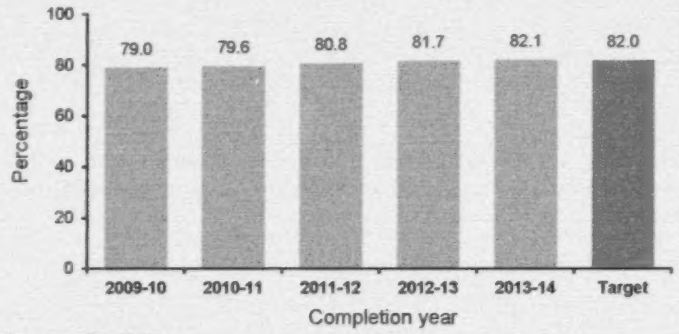
In collaboration with the federal government, the Government of Alberta launched the Canada-Alberta Job Grant (CAJG) in October 2014 to support worker training. This employer-driven training program is cost-shared between government and employers. The aim of the CAJG is to provide current and future workers with the skills required to improve their performance in existing roles and to develop the skills required for unfilled jobs. In 2014-15, more than $4.6 million in funding was allocated through the program, resulting in almost 3,000 Albertans being approved for training programs.

Results Analysis:

High school completion is important for entry to the labour force and post-secondary programs. While the majority of students complete high school within three years of entering Grade ten, the five-year rate recognizes that it may take more time for some students to finish high school.

High School Completion Rate

High school completion rate of students within five years of entering grade 10



Source: Education

In 2013-14, 82.1 per cent of students completed high school within five years of entering Grade 10. This result achieved the performance measure target of 82.0 per cent and represents a 0.4 per cent increase from the previous year's value.

Improving the high school completion rate continues to be a priority for the Alberta government. An initiative related to improving high school completion is *Moving Forward with High School Redesign*, an initiative focused on creating flexible, student-centred approaches to 21st century learning, including increasing student engagement, improving student achievement, and enhancing teacher practice.

In addition, some students who do not complete high school in the ECS-12 education system do so as young adults in the adult learning system. In 2014, 91 per cent of Albertans aged 25-34 reported they had completed high school.

Learner pathways were also enhanced through funding that supports the work of the Alberta Council on Admissions and Transfer (ACAT), an independent advisory council through which stakeholders work to facilitate student mobility and the transferability of courses and programs. In 2014-15, government collaborated with ACAT to create an app that will make post-secondary planning easier for Albertan students. The new Transfer Alberta mobile app provides convenient access to transfer credit information for courses and programs, as well as information about high school upgrading and out-of-province equivalencies.

In 2014-15, $14 million was invested across Alberta through the Community Adult Learning Program. Through these 130 organizations, tens of thousands of Albertans are able to participate in a range of literacy and foundational learning and family literacy learning opportunities. These opportunities include adult basic literacy, English language learning programming, and learning opportunities to develop other essential skills

such as numeracy and basic computer skills. The Community Adult Learning Program also builds the capacity of communities by supporting workplace readiness and community and family development.

PRIORITY: Reduce financial barriers, increase access, participation and completion in advanced learning, particularly among under-represented learners – including Aboriginal, rural and low-income Albertans – so that all Albertans can reach their potential through learning.

Engaging under-represented learners in the advanced learning system encourages individuals to reach their educational goals, regardless of their life situation. Educational success can, in turn, expand career opportunities and improve living standards for graduates.

Student Aid Alberta provides loans and grants to Alberta post-secondary students who need support to cover tuition, mandatory fees, books, supplies, and living costs while they are studying. In 2014-15, Student Aid Alberta provided $395.9 million in Alberta student loans to 62,725 eligible students. An additional $74.7 million was also provided in the form of grants.

In 2014-15, funding was provided to not-for-profit organizations and projects to support the engagement of women, youth, and Aboriginal people in apprenticeship and trade-related learning opportunities. Organizations and projects funded include:

- **Women Building Futures (WBF).** More than $990,000 was provided to expand development of their on-line curriculum. WBF is a registered charity that assists women to achieve economic prosperity through employment in the construction trades. The on-line curriculum will target an additional 722 women in the first year – seven times WBF's current enrollment – and will increase opportunity and access for underemployed women to pursue a career in construction trades through the development and delivery of short, affordable training courses.
- **Careers: The Next Generation.** $200,000 was provided to deliver an Aboriginal Youth Workforce Development program focusing on increasing the representation of Aboriginal people in apprenticeship and the skilled trades.
- **Northeast Alberta Apprenticeship Initiative.** $100,000 was provided to the Northeast Alberta Apprenticeship Initiative. This initiative is focused on increasing the number of people registered as apprentices, completing the technical training, and progressing to completion and journeyman status and obtaining employment in northeast Alberta. Support is provided to apprentices both on the job and during technical training to help ensure success.
- **Trade Winds to Success.** $200,000 was provided to Trade Winds to Success to assist with Aboriginal pre-apprenticeship training programs. These programs provide the skills and knowledge to start a career in the trades with a focus on boilermaker, carpenter, electrician, ironworker, millwright, plumber, steamfitter-pipefitter, insulator and welder trades.

Government worked closely with the Alberta Apprenticeship and Industry Training Board to support the participation of underrepresented learners, including youth, women and Aboriginal people in trades-related learning opportunities. Every year, 15 scholarships are designated for Aboriginal apprentices, 16 scholarships are designated for female apprentices, and 500 scholarships are designated for high school students enrolled in the Registered Apprentice Program/Career and Technology Studies Apprenticeship Pathway.

PRIORITY: Education and Entrepreneurship

Apprenticeship Opportunities

In the face of sustained demand for skilled tradespeople, there is a need to continuously monitor the demand for technical training seats in all trades and make adjustments in the number of seats and location of training as needed. Working with the Alberta Apprenticeship and Industry Training Board, industries are encouraged to be proactive in hiring and training apprentices and implement strategies that support and encourage apprentices to progress and complete their programs. At the end of 2014, there were more than 70,000 registered apprentices in Alberta, including almost 24,000 new apprentices.

Campus Alberta

In 2014-15, the government worked with its Campus Alberta partners to implement the Campus Alberta Interim Strategic Plan. As part of executing the interim plan, government finalized the co-development of an outcomes and indicators framework for Campus Alberta, co-hosted a forum on the future of digital learning, launched the Alberta Open Education Resource Initiative, and implemented new enrollment investments targeting student demand and labour market needs.

Venture Capital

Venture capital investment and mentorship are key components necessary for small and medium-sized businesses to innovate, grow and add value to the economy. Established by the Government of Alberta in 2008, the Alberta Enterprise Corporation (AEC) was provided with $100 million in funding to invest in venture capital funds that finance early stage technology companies and that have a commitment to the province. Of the original $100 million provided to the AEC, $59.6 million has been invested into venture capital funds so far. These AEC invested funds and syndicate partners have invested over $240 million in 24 Alberta companies. These investments in Alberta companies have resulted in more than 700 direct jobs created in Alberta.

Alberta Economic Development Framework

Alberta's Economic Development Framework was launched in 2014-15 to encourage Alberta's diverse economic development community to share a common vision. The Framework was developed with extensive input from the economic development community and identifies a number of key economic indicators for tracking progress.

Rural Economic Development Action Plan

The Rural Economic Development Action Plan was developed and released after engaging with over 200 stakeholders in eight rural communities across the province. The plan lays out clear strategies and specific actions that governments, industries, businesses and communities can take to increase economic development capacity, improve on the current suite of initiatives, and orchestrate new opportunities to enable rural Alberta's continued success. With an economic footprint estimated at more than $77 billion each year, rural Alberta is an important economic driver and a critical component of Alberta's Economic Development Framework. By building Alberta's rural economy and linking existing resources and organizations, the larger provincial economy will benefit.

Growing Alberta's Small/Medium-sized Businesses

In 2014-15, the government collaborated with small business stakeholders to develop a new strategy to support small business in Alberta. Building On Our Entrepreneurial Spirit: A Small Business Strategy For Alberta is a short-term action plan that responds to the needs expressed by Alberta's small businesses and makes doing business in the province simpler. As part of this strategy, a new website was created which provides small business owners a one-stop shop for government services information. A new business advisor service at The Business Link was also established to help small businesses navigate the government's business programs, supports and regulatory information.

Through the International Technology Partnerships initiative, government made connections with a number of foreign government agencies in 2014-15. The goal of these partnerships is to encourage collaboration between small and medium-sized technology companies in Alberta and other jurisdictions, in order to develop and commercialize technologies for each jurisdiction's mutual benefit. Pilot partnerships are in place with a number of international jurisdictions, including Mexico and Germany. These existing international technology partnership projects have led to growth in revenues and successful entry into new markets for Alberta-based companies.

Goal 5

Alberta has a strong fiscal future, well managed finances, wise provincial program and infrastructure spending and intelligent savings and investment policies.

PRIORITY: Develop a long-term multi-modal Transportation Strategy that supports Albertan's priorities, including competitiveness and sustainability.

In 2014-15, progress was made on the development of the Transportation Strategy for Alberta which will guide decisions on transportation investments, policies and programs over the next 50 years. The strategy will contribute to the development of an integrated, multi-modal transportation system that supports a growing economy and connected communities.

Public consultations continued with the launch of a second phase in late April 2014 which concluded on May 31, 2014. This second phase was conducted on-line and provided stakeholders and the general public with the opportunity to review and comment on a draft strategy, which was based on input obtained during the first phase of public consultation. In January and February 2015, further consultations with stakeholders took place through focus group sessions to obtain input on the draft goals, actions and milestones that are proposed for the strategy.

Input gathered in all phases is being considered as the strategy moves closer to completion and implementation.

PRIORITY: Improve outcomes for Albertans through a public service that is empowered, responsive, lean and less hierarchical. This will also ensure staff are optimally engaged and employed at all levels and able to reach their full potential.

A professional and effective public service is important during both high and low growth phases of Alberta's economy to ensure the delivery of excellent government programs and services. In December 2014, an advisory committee on the Alberta Public Service (APS) was formed to identify strategies to attract and retain talent in the public service, modernize government operations and strengthen the overall effectiveness of the public service.

To further support a public service that is empowered with engaged employees, the APS launched a new Respectful Workplace Policy, which recognizes that every APS member plays a critical role in supporting and fostering a workplace environment in which employees feel respected, engaged and want to come to work. Recognizing that strong leadership capacity at all levels is also critical to building and supporting excellence across the GoA, development of an executive talent management strategy is underway, as well as initiatives related to recognizing excellence in the public service, enhancing policy capacity, and supporting learning and development. Work is also underway to refresh the APS's approach to gathering employee workplace input to ensure optimal engagement and a high performing public service. A new cross-ministry internal communications network has also been established to foster effective and timely internal communication.

PRIORITY: Review all government programs and services through results-based budgeting and monitor/report on progress of results-based budgeting activities to Albertans.

The third and final cycle of the results-based budgeting process was completed in 2014-15, with reviews of over 170 programs and services within the following lines of business: Protecting Albertans, Wellness, portions of Education, Enterprise and Ministry Support Services and Health-Acute and Continuing Care.

Treasury Board Committee approved over 270 recommendations to improve the relevance, effectiveness and/or efficiency of government programs and services. The third report to Albertans on results-based budgeting was released in December 2014. The report detailed the findings and recommendations from the second cycle of the process, and highlighted some of the key achievements from the recommendations that have already been implemented.

PRIORITY: Reduce/eliminate disincentives to continued employment for those at retirement age.

This priority was established under the former government to accommodate individuals in working past retirement age. Further policy analysis is ongoing regarding this priority and other pension priorities.

PRIORITY: Rebalanced Fiscal Framework

The rebalanced fiscal framework priority was established under the former government. The current government is committed to establishing a long-term sustainable fiscal plan that includes revenue opportunities that are fair and not dependent on volatile oil prices, while working to grow the economy. The mechanisms and rules for overall fiscal planning are being considered, including the nature of any future fiscal framework.

Goal 6 Alberta's resources are developed using innovative and responsible solutions that protect Alberta's environment and provide a healthy Alberta for future generations.

PRIORITY: Renew the Climate Change Strategy and make Alberta the national leader in energy efficiency and sustainability.

Progress was made to renew the province's climate change strategy and its regulatory instruments to ensure that Alberta's emissions decline at a sustainable rate both environmentally and economically. The renewal will ensure continued effectiveness and look for innovative ways to reduce emissions at the source.

Growth in greenhouse gas emissions from the oil sands is due to increases in production to meet a growing global demand for energy. To provide perspective, oil sands greenhouse gas emissions make up approximately: 23 per cent of Alberta's emissions; 8 per cent of Canada's emissions; and less than 0.15 per cent of global emissions.

A mission to Lima, Peru for the annual United Nations Framework Convention on Climate Change, Conference of the Parties 20 meeting occurred in December 2014 which provided opportunities to engage with global environmental leaders.

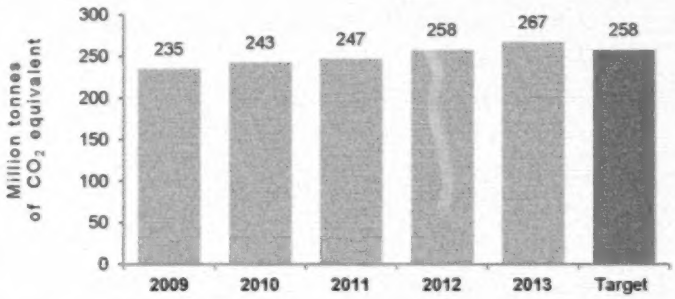
Results Analysis:

Greenhouse gas emission results for 2013 reflect higher overall emissions relative to previous periods. Factors contributing to the more recent increases in emissions span several sources and have been driven by a:

- 6.0 million tonne increase in energy emissions for stationary combustion (e.g., electrical generation, boilers, etc.);
- 3.0 million tonne increase in energy emissions for transportation;
- 1.1 million tonne increase in energy emissions for fugitive emissions (methane);
- 1.8 million tonne decrease in industrial process and product use emissions;
- 0.5 million tonne increase in agriculture emissions; and
- 0.1 million tonne increase in waste emissions.

Total Greenhouse Gas Emissions

Success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2 equivalent as outlined in *Alberta's 2008 Climate Change Strategy*.



Source: Environment Canada

Another factor in the increase is the United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (CO_2), and implemented several methodological changes. Environment Canada applied these changes in April of 2015 for the 2013 emission inventory. Previous years' data has been updated to reflect the Intergovernmental Panel on Climate Change 2007 guidelines, and global warming potentials to normalize previously submitted data. As a result of these changes currently stated results and targets are no longer comparable to historically stated values in previous ministry business plans and annual reports. The revised actual results are stated above, and the revised targets for 2009 to 2012 are 236, 242, 248, and 253 million tonnes, respectively.

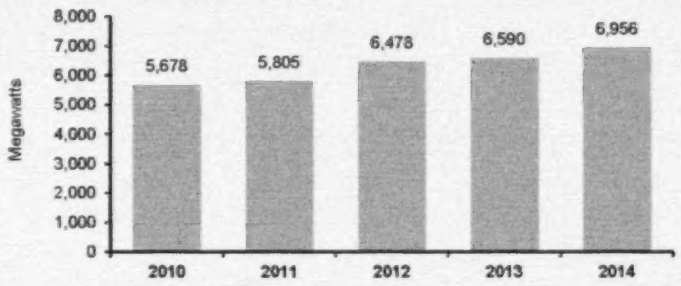
PRIORITY: Encourage greater micro-generation development in Alberta.

Alberta's Micro-generation Regulation continues to enable Albertans to generate their own alternative and renewable electricity to meet their own electricity needs. Between March 2014 and March 2015, 266 new micro-generation sites were connected, adding nearly two megawatts (MW) of alternative and renewable generation capacity to Alberta's grid. As of March 2015, there are 1,183 micro-generation sites in Alberta with a total installed capacity of over 6.7 MW.

Indicator Analysis:

Through its policy framework, the Government of Alberta supports the development of alternative and renewable energy in the province. In Alberta, alternatives are defined as energy sources such as natural gas co-generation that are more efficient than traditional energy sources like coal and natural gas for the production of electricity. Renewables are defined as energy sources that can be regenerated and include wind, hydroelectricity, biomass and natural gas co-generation technologies.

Alternative and Renewable Generation Capacity in Alberta



Source: Alberta Utilities Commission

Alternative and renewable generating capacity has grown steadily over the past five years with a 22 per cent increase from 2010 to 2014. This was largely driven by growth in both wind and gas co-generation. In 2014, 44 per cent of the province's electricity generating capacity came from alternative and renewable energy sources. The policy framework has created a stable environment to encourage growth in alternative and renewable technologies.

PRIORITY: Develop open source environmental information system.

Progress is underway to develop an open source environmental information system to share credible data and information with the integrated resource management system stakeholders. This includes all data and information relevant to environmental, landscape and sustainable resource management. Project charters are under development to guide the next phase of this project.

PRIORITY: Coordinate the development of a Canadian Energy Strategy with other provinces and territories as a co-lead with Manitoba, New Brunswick and Newfoundland and Labrador.

The Canadian Energy Strategy (CES) provided Alberta the opportunity to build positive relationships with its provincial and territorial partners and advance areas of common interest for the benefit of all Canadians. As co-chair of the process, Alberta ensured a balanced perspective. A draft CES was prepared for the annual Council of the Federation meeting in PEI in August 2014.

PRIORITY: Develop a land reclamation framework including strategies to address abandoned energy infrastructure.

In collaboration with Alberta Innovates and the Alberta Energy Regulator (AER), progress was made on Alberta's Land Reclamation Framework. This Framework will provide strategic direction for restoration of land previously used for industrial purposes. The framework will address current issues in reclamation, regulatory gaps and abandoned infrastructure, as well as provide an implementation plan for future activities. While Alberta has some of the country's leading technical and regulatory guidance on reclamation, the issues associated with reclamation require overarching direction and alignment with natural resource management and land use planning initiatives.

PRIORITY: An Integrated Resource Management System

Integrated Resource Management System

Progress was made on developing an integrated resource management system to help Alberta achieve the environmental, economic and social outcomes Albertans and the world expect from responsible resource development. This approach is based on cumulative effects management of land, air, water, and biodiversity and the natural resources contained within this environment.

A fully functional integrated resource management system will:

- integrate and align natural resource and environmental policies;
- provide clear environmental, economic, and social outcomes to guide all parties operating on the landscape;
- assure the outcomes, policies, and plans advance the public interest;
- create a robust program to measure, evaluate and report environmental, economic, and social conditions and outcomes;
- build strong relationships with partners and stakeholders through meaningful engagement;
- provide open and transparent environmental, economic, and social data to assist natural resource management decision-making; and
- use Alberta's experience and innovation, as well as the expertise and experiences of others, to continually improve the system.

Current priority initiatives to ensure responsible resource development include:

- continued development of the Alberta Environmental Monitoring, Evaluation and Reporting agency, to build comprehensive environmental monitoring;
- implementation and continued development of regional land-use plans;
- integrated energy policy and regulatory system; and
- developing strong relationships with partners and stakeholders.

Development of Regional Plans

The Land-use Framework sets out an approach to managing our province's land and natural resources to achieve Alberta's long-term economic, environmental and social goals. The framework establishes seven new land-use regions and calls for the development of a regional plan for each. Ongoing work in the past year also included:

- The South Saskatchewan Regional Plan (SSRP) which came into effect September 1, 2014, following consultation and engagement with Albertans. The SSRP addresses key issues and provides strategic direction to balance environmental and social values with development. The final SSRP provides clear outcomes and management frameworks with triggers and limits to allow timely policy decisions and provide clear direction for regulatory decisions by the Alberta Energy Regulator and land-use decision makers.
- The Terms of Reference and Profile of the Region for the North Saskatchewan Regional Plan were released to the public in May 2014. Technical analysis of energy and mineral resources in the region supported the discussions and deliberations of the Regional Advisory Committee, which was established in July 2014.
- Respecting the rights of landowners remains a top priority and regional plans are built with this in mind. Regional plans will not change or alter property rights or freehold mineral rights in Alberta. Landowners are protected under the *Alberta Land Stewardship Act.*

- The Lower Athabasca Regional Plan, the first of seven regional plans across the province which came into force on September 1, 2012, continues to provide strategic direction to balance long-term opportunities for oil sands development with important environmental and social considerations.
- Background preparation work continued for the Upper and Lower Peace Regional Plans. Technical analysis of energy and mineral resources in these regions will support and provide policy guidance for the development and implementation of regional plans under the government's Land-Use Framework.

Water Management Frameworks

Water management frameworks ensure we are using our water resources wisely, and are important aspects of regional planning in Alberta.

- A Surface Water Quality Management Framework was developed as a part of the South Saskatchewan Regional Plan. It identifies ambient triggers and limits to protect surface water quality, clarifies Government of Alberta expectations, addresses cumulative effects, and supports pollution prevention and proactive management strategies.
- In February 2015, the Surface Water Quantity Management Framework was introduced which establishes stringent water use requirements for both current and future mineable oil sands operators which draw water from the Lower Athabasca River. The framework requires the majority of water used by existing operators and all water used by new operations to stop during low flow periods. Water use will be restricted during these low flow periods and weekly triggers will be put in place to act as an early warning point before a limit is reached.
- A Groundwater Management Framework with interim triggers and limits has been developed for the Lower Athabasca Regional Plan. Progress was made on monitoring networks that will use the data collected to help finalize the triggers and limits.

Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA)

- Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA) was established in 2014 and assumed Alberta's responsibilities under the Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring.
- The agency strengthened its scientific capacity in 2014 with the appointment of six internationally recognized environmental science experts to a Science Advisory Panel (SAP) that will provide peer review and validate its provincial environmental monitoring, evaluation and reporting programs and activities.
- The key role of the SAP is to provide a "science audit" function of the programs and activities delivered by AEMERA. Advice from the SAP are to guide continuous improvements in AEMERA's scientific standards and processes to ensure they are credible and meet or set global best practices.

Integrated Infrastructure Planning in Oil Sands Areas

The Comprehensive Regional Infrastructure Sustainability Plans (CRISPs) are intended to facilitate discussion and integrated planning at a regional level in order to identify needed infrastructure based on anticipated increases in oil sands production and associated population growth.

By March 2015, fifty per cent of affected oil sands leases in the Athabasca Oil Sands Area (OSA) had been cancelled and compensated in the Urban Development Sub-Region, thus making the land available for municipal expansion in the Regional Municipality of Wood Buffalo.

Progress was made on a regional strategic assessment for the south Athabasca oil sands area which is the main area of in situ oil sands development in the region. This prototype will assess the cumulative effects of future development and the output from this initiative will feed into the landscape management plan development. The landscape management plan will support the achievement of the objectives of the biodiversity

management framework by defining specific actions to manage the cumulative effects of human activities on air, land, water and biodiversity.

In the Cold Lake OSA, multi-stakeholder teams met to identify strategies to support implementation of the CRISP, in particular identifying integrated approaches to address regional needs for roads, highways and aviation.

Delivering on the Regulatory Enhancement Project

Progress was made on the enhanced regulatory system for upstream oil, gas, oil sands and coal from the 2010 Enhancing Assurance Report. Specific recommendations include:

- establishing a single regulator for upstream oil, gas, oil sands, and coal, (now the Alberta Energy Regulator);
- establishing a new policy management office to ensure the integration of natural resource policies and provide an interface between policy development and policy assurance;
- providing clear public engagement processes;
- ensuring systemic common risk assessments and management approaches;
- adopting a performance measurement framework; and
- having an effective mechanism for landowner concerns.

On October 1, 2014 the AER's jurisdiction expanded to include environmental assessments for all energy-related projects – the last step to become the single regulator for oil, natural gas, oil sands and coal. The environmental assessment process requires companies to examine the effects that a proposed project may have on the environment. The establishment of governance among multiple natural resource departments and the AER facilitates integrated policy development.

The Common Risk Management Framework was completed in November 2014 and implementation through the Framework Management Committee was completed in March 2015. The common risk management framework establishes principles for partner organizations in determining their engagement approach and policy issues. Additionally, the Policy Systems Review Project: Final Report, a qualitative research project that provides a comprehensive overview of the natural resource and environmental policy system in 2014, was completed in February 2015 and report findings shared with participating organizations.

Energy Development near Urban Areas

In 2014, government invited Albertans and stakeholders to provide input on energy development in or near urban areas through roundtable discussions and an on-line survey. The purpose of the on-line survey and roundtable discussions was to provide Albertans an opportunity to learn more about energy development policies and how energy development is regulated and monitored in Alberta. In addition, it was a forum for Albertans to offer their suggestions on how provincial policies and regulations can better balance urban growth and opportunities for future energy development.

Reducing Electricity Price Volatility for Albertans

In 2012, the Retail Market Review Committee (RMRC) was appointed to review and determine ways to reduce the volatility and costs associated with electricity. The committee submitted 41 recommendations. The recommendations covered five areas: increasing competitiveness, representing consumers' interests, providing better information for consumers, protecting vulnerable Albertans and the default rate (Regulated Rate Option).

In December 2014, the MLA RMRC Implementation Team report was released and the following three recommendations were immediately accepted:

- Amend the Billing Regulation and the Regulated Rate Option Regulation clarifying that the Local Access Fee (LAF) on customers' bill is set and collected by municipalities;
- Merge the retail electricity and natural gas codes of conduct into one Code of Conduct Regulation to reduce regulatory burden and remove marketing from the billing envelope; and
- Change the name of the Regulated Rate Option to reflect that it is a default rate, not a government-set regulated rate.

On March 19, 2015, LAF regulation amendments and the Code of Conduct Regulation were passed by Cabinet.

Goal 7

Alberta has access to new markets and enhanced investment attraction through strengthened relationships with existing partners and the creation of relationships with new partners.

PRIORITY: Work with First Nations on a government-to-government basis, and with industry to better coordinate and support resource development and land management consultation activities.

As Alberta seeks to reach new and more diverse markets, the role of the First Nations and Metis communities is becoming more essential through economic participation (e.g., skills and labor, business and procurement services) and the exercise of traditional knowledge in management of the environment.

In December 2014, the government hosted the third annual First Nations Opportunities Forum. During the forum, the government made a commitment to working with First Nations on the identification of short-term actions and the development of collaborative approaches for promoting understanding and cooperation to address long-term challenges. A First Nations Education Summit was held in March 2015, which demonstrated Alberta's commitment to working in partnership with First Nations and the federal government to help reduce the achievement gap.

In early 2015, the government met with Chiefs of Confederacy of Treaty Six First Nations of Alberta, Treaty 8 First Nations of Alberta, and the Chiefs of the Athabasca Region to address a number of topics and build stronger relationships. At these meetings, an agreement was reached to explore the establishment of a number of tables in 2015 focusing on a range of significant issues.

Engagement tables with First Nations have the potential to provide a vehicle for the Government of Alberta and First Nations to work together to strengthen relations, bridge the socio-economic gap, increase economic participation in the resource development economy and increase First Nations' participation in land management and environmental issues.

PRIORITY: Expand multilateral and bi-lateral partnerships to develop cooperative approaches on issues of mutual importance with other governments.

Missions to Houston, Texas in January 2015, and to Washington, D.C., Trenton, New Jersey, and New York City, New York in February 2015 established positive working relationships with key U.S. stakeholders and decision makers. The missions focused on building support for projects and policies related to market access which is critical to Alberta's prosperity. The missions were also opportunities to promote Alberta as a responsible resource developer and strategic source of energy.

Alberta participated in several trans-boundary meetings involving U.S. officials, including the Pacific NorthWest Economic Region Annual Summit; the joint Council of State Governments National and West Annual Summit; and the Inter-Mountain Energy Summit. These meetings supported collaboration with state governments on issues of mutual importance, such as enhancing market access, reducing barriers to the free and efficient movement of goods and people, and strengthening environmental regulation.

Alberta was also represented at key domestic intergovernmental meetings, including the Council of the Federation (COF) Annual Summer Meeting (August 2014), the Winter COF Meeting on the Economy (January 2015), and the New West Partnership Transportation Infrastructure Summit (November 2014).

Through the COF, Alberta worked to advance matters of interest to the province, including facilitating internal trade and improving access to international markets, labour market and Canada's fiscal arrangements. Key priorities for Alberta during the meetings included the Agreement on Internal Trade (AIT) and the Canadian Energy Strategy.

The premiers of the New West Partnership met with transportation and industry leaders to explore how Western Canada's transportation system could be strengthened to better move the region's products to

global markets. The aim of the summit was to examine the long-term capacity, efficiency, reliability, and competitiveness of the transportation system. Cooperation between all governments and the private sector is required to address Canada's transportation challenges. Participants at the summit agreed on a vision for the transportation infrastructure system: an integrated and collaborative system and supply chain that keeps up with demand growth, prioritizes safety and environmental protection, and has the right options to move goods efficiently and cost-effectively. This includes high-volume marine ports, and high-quality highway, rail and pipelines systems across the three provinces. Participants also agreed on 10 priority actions that will be led by the Pacific Gateway Alliance.

In 2014-15, almost 20 premier-level bilateral meetings were held with the leaders of other Canadian provinces and territories which resulted in expanded partnerships. Introductory calls and visits, as well as subsequent meetings, help to foster collaboration and expand on shared policy interests within the Canadian federation.

PRIORITY: Reduce barriers to trade, labour mobility and investment.

Alberta continued to be an active participant in the Trans-Pacific Partnership negotiations. These negotiations include: the United States, Japan, Mexico, Australia, Singapore, Malaysia, Chile, New Zealand, Peru, Vietnam, Brunei and Canada. Members represent a market of 793 million consumers, with a combined GDP of $28.1 trillion, which is 39 per cent of global GDP. A successful agreement would significantly assist in reducing barriers to global trade and investment.

Alberta also actively engaged in negotiations with the other provinces, territories and the federal government on internal trade renewal. The intent is to expand and modernize the pan-Canadian Agreement on Internal Trade (AIT) or to develop a new and improved agreement that supersedes the AIT. Since December 2014, provinces, territories and the federal government have been in negotiations to develop a modern and expanded trade agreement. Such an agreement will also be better aligned with international trade agreements. Negotiations are set to be concluded by March 2016.

On January 1, 2015, the Canada-Korea Free Trade Agreement entered into force.This free trade agreement, Canada's first in Asia, will provide new access for Canadian businesses and workers to South Korea. South Korea is the fourth largest economy in Asia with an annual GDP of $1.1 trillion and a population of 50 million people.This agreement ensures that Canadian exports will be able to compete with exports from the European Union and the United States, who already have free trade agreements with South Korea.

Alberta collaborated with the Consulate General of the Republic of Korea on an Alberta-Korea Energy roundtable to discuss and promote new opportunities for strategic energy cooperation, resulting from the Canada-Korea Free Trade Agreement.

PRIORITY: Market Access

The government worked with the federal government, other provincial governments and the Government of Mexico to advocate that the United States government end mandatory Country of Origin Labelling (COOL) requirements on beef and pork imports, following multiple rulings by the World Trade Organization (WTO) that COOL violates American trade obligations. COOL invokes substantial additional costs (estimated to be over $1 billion annually) on the meat supply chain from animals born, reared or slaughtered outside the U.S., requiring them to be labelled to indicate the country or countries involved.

The Government of Alberta fostered and built new relationships across Canada by meeting with key stakeholders in the various provinces. During these missions new and renewed relationships were developed with port authorities, pipeline and rail companies, industry associations, the business community, Aboriginal peoples, and academia to advance oil market diversification to provinces across Canada. The government also advanced the improvement of pipeline performance and safety standards by contributing to research projects.

Alberta's international energy advocacy efforts aim to build Alberta's reputation as a reliable and sustainable energy supplier. In 2014-15, the government made strides in creating opportunities to further market access

efforts in key global markets. These efforts focused on attracting industry investment and forming partnerships that lead to job creation, business opportunities, tax revenue, and other benefits for the provincial economy.

The government provided ongoing technical input and advice to help inform the European Union (EU) Fuel Quality Directive (FQD) Implementing Measure (IM). Alberta's technical input has continued to inform aspects of the developing directive, and resulted in a finalized FQD IM that is fair, science-based, and will continue to allow for commercial access of oil sands crude oil to the EU.

The government is at various stages of involvement in advocacy for the province with the National Energy Board (NEB). Alberta has filed an application with the NEB to participate in the upcoming hearing regarding Alberta Petroleum Marketing Commission's participation as an Energy East Pipeline shipper.

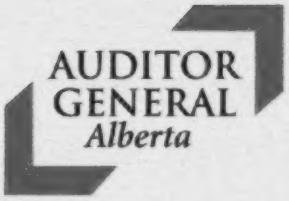
A ministerial mission to the Netherlands in June 2014 to discuss initiatives pertaining to flood mitigation, drought resilience and green energy provided further opportunities to share information and learn from others on issues that are important on a global scale. A ministerial mission to Lima, Peru for the annual United Nations Framework Convention on Climate Change, Conference of the Parties 20 meeting, provided opportunities to engage with global environmental leaders. In addition, a number of ministerial missions met with delegations from within Canada and internationally to promote Alberta's environmental record and vision of a progressive and environmentally-conscious province. Examples include sharing policy expertise in areas such as carbon offsets, hydraulic fracturing and safe drinking water.

PRIORITY: Canada-European Union Comprehensive Economic and Trade Agreement

Alberta worked closely with the federal government on the Comprehensive Economic and Trade Agreement negotiations with the European Union. Negotiations concluded on August 5, 2014, and the agreement is now undergoing legal review, to be followed by translations, formal signature and ratification by authorities in Canada and the European Union.

The agreement with the European Union will give Albertans guaranteed access to a consumer base of over 500 million people. With a GDP of $17 trillion in 2012, the European Union is the largest and most lucrative single market in the world. Alberta worked with the federal government to ensure the completed agreement will reduce barriers to trade and investment, thereby producing substantial gains for many of Alberta's key sectors, including agriculture and agri-food, manufacturing, chemicals and plastics, and forest products. Once it comes into force, the agreement will immediately eliminate a substantial number of agricultural tariffs, and provide new opportunities for Alberta beef, pork and bison in markets that were previously closed or severely restricted.

Independent Auditor's Report



To the Members of the Legislative Assembly

Report on the Performance Measures

I have audited the four performance measures identified as "audited" in the performance measures by goal section of Measuring Up for the year ended March 31, 2015.

Management's Responsibility for the Performance Measures

The audited performance measures are the responsibility of the Government of Alberta and are prepared on its behalf by the Ministry of Treasury Board and Finance's management in accordance with the following criteria:

- Reliability—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- Understandability—The performance measure methodologies and results are presented clearly.
- Comparability—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness—The goals, performance measures and related targets match those included in *Budget 2014*.

Auditor's Responsibility

My responsibility is to express an opinion on the reliability, understandability, comparability and completeness of these performance measures based on my audit. My audit was not designed to assess the relevance and sufficiency of the audited performance measures in demonstrating Government of Alberta progress towards the related goals.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the audited performance measures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting these performance measures. An audit also includes assessing the principles used and the significant judgments made by management, as well as evaluating the overall presentation of the audited performance measures.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the four audited performance measures in the performance measures by goal section of Measuring Up present fairly, in all material respects, results in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General
June 22, 2015
Edmonton, Alberta

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Goal 1

Alberta's communities are safe, prosperous, welcoming, culturally diverse and desirable places to live or destinations to visit.

Goal One Performance Measures (audited)	Previous Results	Targets 2014-15	Current Results
Attendance in the Arts *(see note 1 in the Sources and Notes section on page 120)*			
Percentage of adult Albertans who attended arts activities or events	85.2% (2013–14)	85.0%	80.8% (2014–15)
Goal One Performance Measures (unaudited)			
Volunteerism *(see note 2)*			
Percentage of adult Albertans who volunteered with organizations in their community	68.4% (2013–14)	71.0%	60.9% (2014–15)
Participation in Recreational Activities and Sport *(see note 3)*			
Percentage of adult Albertans who participated in recreational activities and sport	85.5% (2012–13)	85.0%	80.8% (2014–15)
Tourism Expenditures *(see note 4)*			
Total tourism expenditures in Alberta ($ billions)*	$7.4 (2012)	8.6%	NA (2014)

* The 2014 result from Statistics Canada has not yet been released.

Goal One Indicators (unaudited)					
Crime Rate *(see note 5)*	**2009**	**2010**	**2011**	**2012**	**2013**
Violent Crime Rate					
Alberta	1,528	1,474	1,403	1,384	1,265
Canada	1,322	1,292	1,236	1,197	1,092
Property Crime Rate					
Alberta	5,342	4,909	4,370	4,294	4,256
Canada	4,122	3,838	3,536	3,434	3,146

* The 2014 result from Statistics Canada has not yet been released. 2009-2013 numbers revised by Statistics Canada.

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

Goal 2 Vulnerable Albertans are safe, and have opportunities to contribute to and benefit from Alberta's economic, social and cultural life.

Goal Two Performance Measures (audited)	Previous Results*	Targets 2014-15	Current Results
Aboriginal Employment *(see note 6 in the Sources and Notes section on page 121)*			
Difference between the unemployment rate of Aboriginal Albertans living off reserve and other Albertans	4.3 percentage points (2013)	5.5 percentage points or less	3.5 percentage points (2014)

Goal Two Performance Measures (unaudited)			
Support for Albertans with Low Incomes Who Need Temporary Help *(see note 7)*			
Percentage of participants employed after leaving income support	57% (2013–14)	65%	60% (2014–15)
Family Enhancement and Child Protection Services *(see note 8)*			
Percentage of children and youth who received child intervention (family enhancement or protective) services and did not require protective services within 12 months of file closure	88% (2013–14)	90%	89% (2014–15)
Skills, Training and Development *(see note 9)*			
Percentage of clients reporting they are either employed or in further education or training after leaving a skills training program	75% (2013–14)	75%	74% (2014–15)

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

Goal 3 Alberta's health care system gives Albertans the supports they need to lead healthy lives.

Goal Three Performance Measures (audited)	Previous Results	Targets 2014-15	Current Results
Satisfaction with Health Care Services Received *(see note 10 in the* Sources and Notes *section on page 122)*			
Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the last year	66% (2013–14)	70%	68% (2014–15)
Goal Three Performance Measures (unaudited)			
Healthy Alberta Risk Trend Index (HARTi) *(see note 11)*			
Average number of health risk factors per person aged 20–64 years	2.22 (2011)	2.05	2.12 (2013)

The HARTi is calculated using six self-reported indicators of health behaviours known to be risk factors for health, including life stress, body mass index, fruit and vegetable consumption, physical activity, smoking status, and frequency of binge drinking.

Goal Three Indicators (unaudited)					
Potential Years of Life Lost *(see note 12)*	**2007–09**	**2008–10**	**2009–11**	**2010–12**	**2011–13**
Age-standardized potential years of life lost, per 100,000 population, 0–74 years, all causes	4,821	4,668	4,485	4,369	4,312
Avoidable Mortality Rates *(see note 13)*	**2007–09**	**2008–10**	**2009–11**	**2010–12**	**2011–13**
Age-standardized avoidable mortality rates, per 100,000 population, by selected causes of death					
Cancer (Neoplasms)	156.4	152.5	148.1	144.1	142.8
Injuries	47.8	46.9	45.3	45.1	44.7
Circulatory diseases	165.7	161.4	155.4	149.4	146.5
Life Expectancy at Birth *(see note 14)*	**2010**	**2011**	**2012**	**2013**	**2014**
Males and females (years)	81.43	81.59	81.68	81.71	81.80
Access to Primary Care through Primary Care Networks *(see note 15)*	**2009–10**	**2010–11**	**2011–12**	**2012–13**	**2013–14**
Percentage of Albertans enrolled in a primary care network	60%	67%	72%	74%	75%

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

Goal 4

Alberta's economy is knowledge-inspired, innovative and diversified, its workforce has the right skills and resiliency to fully participate in a dynamic economy; and its education system is sustainable and meets the lifelong learning needs of Albertans as well as the needs of the province.

Goal Four Performance Measures (unaudited)	Previous Results	Targets 2014-15	Current Results
High School Completion Rate *(see note 16 in the Sources and Notes section on page 123)*			
High school completion rate of students within five years of entering grade 10	81.7% (2012-13)	82.0%	82.1% (2013-14)
Post-secondary Transition Rate *(see note 17)*			
Percentage of students entering post-secondary programs (including apprenticeship) within six years of entering grade 10	59.2% (2012-13)	61.0%	59.8% (2013-14)
Literacy and Numeracy **(see note 18)*			
Language Arts	76.7%	80.6%	76.5%
Mathematics	66.5% (2012-13)	67.0%	66.9% (2013-14)
Sponsored Research Revenue *(see note 19)*			
Sponsored research revenue attracted by Alberta's comprehensive academic and research institutions ($ millions)	768 (2012-13)	684	811 (2013-14)
Labour Force Participation Rate *(see note 20)*			
Inter-provincial rank of Alberta labour force participation rate	highest 73.1% (2013)	highest	highest 72.7% (2014)

*Percentage of students in grade 9 who achieve the acceptable standard on Provincial Achievement Tests.

Goal Four Indicators (unaudited)					
Educational Attainment of Albertans Age 25+ *(see note 21)*	**2010**	**2011**	**2012**	**2013**	**2014**
High School completion (age 25–34)					
Alberta	90.7%	90.9%	91.2%	92.3%	91.3%
Canada	92.2%	92.5%	92.2%	92.5%	92.6%
Post-secondary completion (age 25–64)					
Alberta	62%	61%	62%	62%	63%
Canada	63%	63%	64%	64%	65%
Programme for International Student Assessment (PISA) of Reading Literacy (15 years old) *(see note 22)*	**2000**	**2003**	**2006**	**2009**	**2012**
Alberta	550	543	535	533	525
Canada	534	528	527	524	523
OECD Average	500*	494	492	496	496

* Three Organization for Economic Co-operation and Development (OECD) countries (The Netherlands, the Slovak Republic and Turkey) were not included in the PISA 2000 assessment.

Goal 4

Alberta's economy is knowledge-inspired, innovative and diversified, its workforce has the right skills and resiliency to fully participate in a dynamic economy; and its education system is sustainable and meets the lifelong learning needs of Albertans as well as the needs of the province. (continued)

Goal Four Indicators (unaudited)

Programme for International Student Assessment (PISA) of Mathematical Literacy (15 years old) *(see note 23)*	**2003**	**2006**	**2009**	**2012**
Alberta	549	530	529	517
Canada	532	527	527	518
OECD Average	500	498	496	494

Educational Attainment of Aboriginal Albertans *(see note 24)*	**2010**	**2011**	**2012**	**2013**	**2014**
Post-secondary completion (age 25-64)	46%	48%	51%	48%	51%

Alberta Business Expenditures on Research and Development *(see note 25)*	**2008**	**2009**	**2010**	**2011r**	**2012**
Research and development ($ millions)	1,654	1,610	1,550	1,830	1,997

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

Goal 5

Alberta has a strong fiscal future, well managed finances, wise provincial program and infrastructure spending and intelligent savings and investment policies.

Goal Five Performance Measures (audited)	Previous Results	Targets 2014-15	Current Results
Credit Rating *(see note 26 in the Sources and Notes section on page 126)*			
Blended credit rating for domestic debt	AAA (2013)	AAA	AAA (2014)

Goal Five Indicators (unaudited)					
Alberta Assets* *(see note 27)*	**2009–10**	**2010–11**	**2011–12**	**2012–13**	**2013–14**
Alberta's net assets ($ millions)					
Net assets on fiscal plan basis	$50,549	$47,089	$47,070	$44,228	$44,984
Net assets on consolidated financial statement basis	$61,534	$59,260	$59,113	$53,972	$53,871
Economic Diversity *(see note 28)*	**1985**			**2013**	
Percentage of Gross Domestic Product by top three sectors					
Energy	36.1%	Energy		24.6%	
Finance and Real Estate	11.0%	Finance and Real Estate		13.5%	
Retail and Wholesale	8.1%	Construction		10.7%	
Index of Economic Well-Being (Standard of Living)** *(see note 29)*	**2009**	**2010**	**2011**	**2012**	**2013**
Alberta's ranking among the provinces	1st	1st	1st	1st	1st
Alberta's rate	0.692	0.744	0.757	0.758	0.727
Canada's rate	0.543	0.556	0.562	0.569	0.562

* Effective April 1, 2012, the province changed its policy for recording transfers from the Government of Canada for capital purposes and donated assets. This resulted in an adjustment of $2,003 million to the opening balance of net assets of the 2012-13 period to reflect the cumulative effect of the change on prior periods.

** The rating indicates Alberta's and Canada's position on an indexed scale derived from weighting four variables of economic well-being: consumption, wealth, equality and security.

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

Goal 6

Alberta's resources are developed using innovative and responsible solutions that protect Alberta's environment and provide a healthy Alberta for future generations.

Goal Six Performance Measures (unaudited)	Previous Results	Targets 2014-15	Current Results
Total Greenhouse Gas Emissions* *(see note 30 in the* Sources and Notes *section on page 127)*			
Success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2 equivalent as outlined in *Alberta's 2008 Climate Change Strategy*	258 (2012)	258	267 (2013)

* The United Nations Framework Convention on Climate Change (UNFCCC) held the nineteenth session of the Conference of the Parties (COP 19) in November, 2013 in Warsaw, Poland. Through Decision 24/COP 19 the UNFCCC adopted updated global warming potentials to normalize emissions of all the GHGs to a reference gas (CO_2) in accordance with revised reporting guidelines, and implemented several methodological changes. As a result of these changes the currently stated result and target are no longer comparable to historically stated values in previous ministry business plans and annual reports. The revised previous and actual results are stated above as well as the revised target for 2014-15.

Goal Six Indicators (unaudited)					
Air Quality Index *(see note 31)*	**2010**	**2011**	**2012**	**2013**	**2014**
Quality of Alberta's air based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide, and fine particulate matter	93%	95%	97%	96%	97%
	Percentage of good air quality days				
River Water Quality *(see note 32)*	**2009–10**	**2010–11**	**2011–12**	**2012–13**	**2013–14**
Water quality of six major Alberta rivers at key sites, based on monthly data on four groups of variables (metals, bacteria, nutrients and pesticides), which are averaged to provide an overall water quality rating	5 out of 6	5 out of 6	4 out of 6	5 out of 6	5 out of 6
	River systems have good to excellent water quality				
Oil Sands Mine Permanent Reclamation* *(see note 33)*	**2010**	**2011**	**2012**	**2013**	**2014**
An indication of cumulative terrestrial, wetlands, and aquatics land where landform construction and contouring, clean material placement and reclamation material placement and revegetation has occurred reflective of the approved reclamation and revegetation plans	4,835 hectares	4,687 hectares	5,042 hectares	5,446 hectares	5,902 hectares

* Does not include in situ oil sands. After a period of time, permanently reclaimed land requires a reclamation certificate under the *Environmental Protection and Enhancement Act*. 104.0 hectares have been certified and returned to the Crown.
2010: (3,643 hectares terrestrial; 1,192 hectares aquatic and wetlands); 2011: (3,537 hectares terrestrial; 1,150 hectares aquatic and wetlands); 2012: (3,827 hectares terrestrial; 1,215 hectares aquatic and wetlands); 2013: (4,178 hectares terrestrial; 1,268 hectares aquatic and wetlands); 2014: 4,630 hectares terrestrial; 1,272 hectares aquatic and wetlands).

Goal 6 Alberta's resources are developed using innovative and responsible solutions that protect Alberta's environment and provide a healthy Alberta for future generations. (continued)

Goal Six Indicators (unaudited)					
Energy Intensity *(see note 34)*	**2008**	**2009**	**2010**	**2011**	**2012**
Amount of energy used per unit of measure					
Residential sector (GJ/m2)*	1.17	1.14	1.08	1.14	1.09
Industrial sector (MJ/$2007-GDP)**	3.69	4.14	4.36	4.36	4.44

* Gigajoules (billions of joules) per square metre of residential space.

** Megajoules (millions of joules) per unit of industrial gross domestic product expressed in constant 2007 dollars.

Trend data has changed due to Natural Resource Canada's updated tables which are based on constant 2007 rather than 2002 chained dollars.

Alternative and Renewable Generation Capacity in Alberta *(see note 35)*	**2010**	**2011**	**2012**	**2013**	**2014**
Megawatts *	5,678	5,805	6,478	6,590	6,956

*Alternative and renewable generation capacity in Alberta includes wind, hydroelectricity, biomass, and natural co-generation technologies.

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

Goal 7

Alberta has access to new markets and enhanced investment attraction through strengthened relationships with existing partners and the creation of relationships with new partners.

Goal Seven Performance Measures (unaudited)	Previous Results	Targets 2014-15	Current Results
Manufactoring and Service Industry Investment *(see note 36 in the Sources and Notes section on page 129)*			
The value of Alberta's capital investment by the manufacturing and services sector in current dollars (annual percentage change) ($ millions)*	$13,473 (+26.6%) (2012)	$16,537 (+6.3%)	No new data available. (2013)

* Statistics Canada recently undertook a comprehensive redesign of the Capital and Repair Expenditures Survey. As a result, the data series was released later in 2015 than in previous years. The new data series for the 2013 actuals were released May 4, 2015, too late for publication in this report.

Goal Seven Indicators (unaudited)				
Investment in Alberta *(see note 37)*	**2010**	**2011**	**2012**	**2013**
Dollars per capita invested				
Alberta	$21,861	$23,461	$26,326	$27,616
Alberta's rank	4th	4th	3rd	2nd
Exports by Sector and Destination* *(see note 38)*	**2011**	**2012**	**2013**	**2014**
Energy	$67.3 billion	$69.7 billion	$77.3 billion	$92.3 billion
Non-Energy	$25.9 billion	$26.2 billion	$26.4 billion	$20.6 billion
Percentage of total exports to US	87%	87%	88%	90%
Percentage of total exports to other (non-US) destinations	13%	13%	12%	10%

* Excludes re-exports

Notes: Calendar years are presented, for example, as 2014; fiscal years are presented, for example, as 2014-15.

1. Attendance in the Arts

Source: Culture and Tourism, Survey of Albertans

Note(s): Albertans were asked if they had personally attended a broad range of arts activities or events in the last year, such as attending a festival or live performance such as music, theatre or dance, taking an arts course or visiting an arts exhibition or gallery. The Survey of Albertans on Culture is a province-wide telephone survey of adult Albertans. An independent research company conducted this survey and collected 1,000 responses using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. The response rate was 22.4 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

2. Volunteerism

Source: Culture and Tourism, Survey of Albertans

Note(s): Albertans were asked if they had volunteered with charitable or nonprofit organizations in areas such as arts, culture, sports, recreation, libraries, human services, youth development, or any other type of volunteer work in the last year. The Survey of Albertans is a province-wide telephone survey of adult Albertans. An independent research company conducted this survey and collected 1,000 responses using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. The response rate was 22.4 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

3. Participation in Recreational Activities and Sport

Source: Culture and Tourism, Survey of Albertans

Note(s): Albertans were asked if they had participated in recreational activities such as walking, bicycling, skiing, golfing, skating, swimming and amateur sports in the last year. The Survey of Albertans is a province-wide telephone survey of adult Albertans. An independent research company conducted this survey and collected 1,000 responses using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. The response rate was 22.4 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

4. Tourism Expenditures

Source: Statistics Canada, Travel Survey of Residents of Canada and the International Travel Survey

Note(s): Expenditures include those made in Alberta by visitors from overseas, the United States, other Canadian provinces and residents of Alberta. Statistics Canada revised the methodology for the Travel Survey of Residents of Canada that increased estimates of visits and expenditures, creating a break in the series. The timing of the result release has altered since the methodology change. The 2013 and 2014 result from Statistics Canada were not available prior to going to print, the 2013 result is expected to be released in summer 2015. An online update of this measure will be posted in a Ministry of Culture and Tourism 2014-15 Annual Report. Update when the information is available.

5. Crime Rates: Violent/Property

Source: Canadian Crime Statistics, Statistics Canada: Canadian Centre for Justice Statistics– Uniform Crime Reporting Survey

Note(s): Property crime includes theft, break-and-enter, fraud and possession of stolen goods. This does not include the use of threat of violence against an individual. Violent crime includes homicide, attempted murder, various forms of sexual assault, robbery and abduction. This does not include traffic incidents that result in death or bodily harm.

6. Aboriginal Employment

Source: Statistics Canada Labour Force Survey and Jobs, Skills, Training and Labour and Aboriginal Relations

Note(s): This measure reports on the difference between the unemployment rate of Aboriginal Albertans living off-reserve and other Albertans on a calendar year basis. Aboriginal unemployment rates have typically been higher than unemployment rates for other Albertans.The unemployment rates for both off-reserve Aboriginal Albertans and that of other Albertans are based on the Labour Force Survey conducted by Statistics Canada. Data tables are provided by Statistics Canada and labour force estimates are tabulated by staff from the Ministry of Jobs, Skills, Training and Labour to produce the result for this measure, i.e., the difference between the unemployment rates. The results for 2013 have been restated by Statistics Canada due to recent revision of labour force estimates. Restatement of results is standard practice. The results are based on population counts from the 2011 Census.

7. Support for Albertans with Low Incomes who Need Temporary Help

Source: Human Services

Note(s): In 2014-15, a revised methodology was introduced for Income Support measure. This methodological change alters the sampling from the prior five-months (i.e., program leavers between May 1 to September 30) to twelve-months (i.e., program leavers between September 1 to August 31).

Results for this measure are obtained through the Work Outcomes Reporting Project (WORP) Survey. People in two categories may qualify for Income Support and are included in the survey:

- People who have difficulty working because of a chronic mental or physical health problem or because of multiple barriers to full employment; and
- People who are looking for work, working, or unable to work in the short-term

A third party contracted survey provider was retained to contact former Income Support program participants three months after they left the program. The annual report results are based on contacting former Income Support participants who left the program between September 1, 2013 and August 31, 2014. The results include the participants' employment status as is determined from the question, "Have you been employed at any time since you stopped receiving social assistance?". "Yes" and "No" responses are used to calculate the performance measure result (as shown in the calculation formula below). The sample size for the 2014-15 result is 2,228. The margin of error is ±2.08 percentage points, 19 times out of 20.

8. Family Enhancement and Child Protection Services

Source: Human Services, Child and Youth Information Module, and Intervention Services Information System

Note(s): The measure describes the proportion of children who require intervention services through child protection within 12 months of concluding previous intervention services. Families that are involved in child intervention services typically have many complex issues. Having addressed the original concern there may be a different concern that arises for the family, or issues related to the previous concern may emerge.

9. Skills Training and Development

Source: Human Services, Working Outcomes Reporting Project Survey

Note(s): The results of this measure are obtained through the Work Outcomes Reporting Project (WORP) survey. An independent consultant was retained through WORP to survey former participants three months after they have left a Work

Foundations and Training-for-Work program. Survey questions were: "What is your current main activity? Are you Employed, Self-Employed, In School/Training, Unemployed, Retired?" Responses that indicate the participant is employed or in school or training are used to calculate the result. The estimated margin of error for the provincial sample of 2,898 is +/- 1.8 percentage points based on the 95 per cent confidence interval.

10. Satisfaction with Health Care Services Received

Source: Health Quality Council of Alberta. Satisfaction and Experiences with Health Care Services in Alberta (2014 and 2015), conducted by the Population Research Laboratory at the University of Alberta

Note(s): Results reflect Albertans' overall rating of their satisfaction with health care services personally received in Alberta within the past year. In 2014-15, a total of 1,471 people in Alberta were surveyed. The estimated margin of error for the provincial sample of 1,471 is 2.6 per cent based on the 95 per cent confidence interval. From this sample, 1,361 respondents answered the question on satisfaction with health care services personally received in Alberta within the past year. Results are reliable within +/-2.5 per cent, 19 times out of 20 for this question.

11. Healthy Alberta Risk Trend Index (HARTI)

Source: Statistics Canada. Canadian Community Health Survey (CCHS) Alberta Share File (the CCHS Share File is not publicly issued)

Note(s): This performance measure is an indicator of progress achieved toward improving healthy behaviours and reducing risks for development of disease and disabilities among Albertans aged 20 to 64 years.

The calculation of the HARTI involves each of the six indicators listed below being dichotomized as 0 or 1 (0 for not having the behaviour or 1 for having the behaviour) and totaling them from a risk factor perspective, meaning a 6 would be most unhealthy and 0 would be most healthy.

- Life Stress
- BMI Category
- Fruit and Vegetable Consumption
- Physical Activity Category derived from reported physical activities
- Smoking Status
- Binge Drinking

In 2013, the question related to the frequency of binge drinking changed. The question now asks: How often in the past 12 months have you had (4 or more – for females)/ (5 or more – for males) drinks on one occasion? Previously the question asked both males and females about 5 or more drinks. This change prospectively affects the HARTI through the changes in binge drinking estimates. The 2013 results are therefore not directly comparable to the results of previous years.

12. Potential Years of Life Lost

Source: Alberta Vital Statistics Death File, Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, Alberta Health Postal Code translation file, Statistics Canada, Census 1991 population data

Note(s): Potential years of life lost (PYLL) is the number of years of life "lost" when a person dies "prematurely" from any cause, before age 75. A person dying at age 25, for example, has lost 50 years of life.

PYLL are calculated by taking the mid-point age in each age group, subtracting from 75, and multiplying by the number of deaths in that age group disaggregated by sex and cause of death (Statistics Canada) to determine the years of life lost in each cohort.

13. Avoidable Mortality Rates

Source: Alberta Vital Statistics Death File, Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, Alberta Health Postal Code translation file, Statistics Canada, Census 1991 population data

Note(s): The age-standardized avoidable mortality rate by cause of death is a measure of the frequency (rate) at which deaths occur in a given population due to a certain cause.

The three-year combined rates are calculated by taking the total number of deaths for the three-year period and dividing by the total of the mid-year populations over the three-year period.

The cancer numbers represent all neoplasms, defined by ICD-10 (International Classification of Disease) codes C00 to D48: including malignant neoplasms (cancer), in situ neoplasms, benign neoplasms, and neoplasms of uncertain or unknown behaviour (Interactive Health Data Application, methodology notes: http://www.ahw.gov.ab.ca/IHDA_Retrieval/ShowMetaDataNotesServlet?1193).

14. Life Expectancy at Birth

Source: Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, Alberta Health Postal Code Translation File (PCTF), Alberta Vital Statistics Death File

Note(s): Life expectancy can be interpreted as the average number of years a hypothetical age cohort would live if they were subjected to the current mortality conditions throughout the rest of their lives.

Life expectancy is calculated using the commonly-used "period" life table methodology. A detailed description of the methodology used to convert age-sex specific death rates into life expectancy at birth can be found in Appendix 3 of the Alberta Health report Chronic Disease Projections Methodology, 2008 http://www.health.alberta.ca/documents/Chronic-Disease-Method-2008.pdf.

15. Access to Primary Care through Primary Care Networks

Source: Government of Alberta, Alberta Health, Alberta Health Care Insurance Plan Statistical Supplement, 2013/2014

Note(s): Access to primary care through Primary Care Networks is defined as the percentage of Albertans informally enrolled in a Primary Care Network as at March 31 of a given year.

The percentage of Albertans enrolled in a Primary Care Network is calculated by dividing the total number of Albertans informally enrolled in Primary Care Networks in a given fiscal year (April 1 to March 31) by the total population covered by the Alberta Health Care Insurance Plan as at March 31 of the same fiscal year.

Access to primary care through Primary Care Networks is represented as an indicator in the GoA 2014-17 Government Strategic Plan. As such, this has been reported as an indicator in this government annual report. Access to primary care through Primary Care Networks is represented as a performance measure with a target in the ministry of Health's 2014-17 Business Plan and the results have been reported as a performance measure in Health's annual report. In future government strategic plans, access to primary care through Primary Care Networks will be presented as a performance measure to align with the ministry of Health.

16. High School Completion

Source: Education

Note(s): The High School completion rate reports the percentages of Alberta students in public, separate, francophone, charter, and accredited private schools who, within five years of entering Grade 10, received an Alberta High School Diploma, an Alberta

High School Equivalency Diploma (GED), a Certificate of Achievement for completing the Integrated Occupational Program (IOP), the Certificate of High School Achievement for completing Knowledge and Employability courses, entered an Alberta post-secondary program or an apprenticeship program, or earned credits in five Grade 12 courses, including one language arts diploma examination course and three other diploma examination courses.

The tracking of grade 10 Alberta students excludes some students, such as those identified as having a severe or moderate cognitive disability or a severe multiple disability.

17. Post-secondary Transition Rate

Source: Education

Note(s): The high school to post-secondary transition rate reports the percentages of Alberta students in public, separate, francophone, charter, and private schools who made the transition to post-secondary education within six years of entering grade 10.

18. Literacy and Numeracy

Source: Education

Note(s): The literacy measure reports the percentage of students in grade nine who achieve the acceptable standard on Provincial Achievement Tests in Language Arts. Students who achieve the acceptable standard have developed the foundational skills needed to become literate adults. The numeracy measure reports the percentage of students in grade nine who achieve the acceptable standard on Provincial Achievement Tests in Mathematics. Students who achieve the acceptable standard have developed the foundational skills needed to become numerate adults.

19. Sponsored Research Revenue

Source: Comprehensive Academic Research Institutions, collected by Innovation and Advanced Education

Note(s): This output measure reflects research capability in Alberta through the success of comprehensive academic and research institutions (universities) in attracting sponsored research funding from several sources. The results give an indication of the research capability, capacity and competitiveness of these institutions.

Sponsored research revenues are those received outside of the university base operating grant and include both research grants and research contracts. The data describes funding from provincial and federal governments, industry and non-profit organizations, and includes capital investments.

20. Labour Force Participation Rate

Source: Statistics Canada Labour Force Survey

Note(s): Historical results have been restated to reflect updated census data information provided by Statistics Canada.

The Labour Force Survey provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over (working age population) residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Forces, and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

The participation rate represents the percentage of the working age population

that is either employed or actively seeking employment (unemployed). With this performance measure, the rate for Alberta is compared to other provinces to provide an interprovincial ranking.

21. Educational Attainment of Albertans

High School Completion (Age 25–34)

Source: Statistics Canada Labour Force Survey

Note(s): High School completion includes those who have High School diplomas or certificates only, those that have some post-secondary training, those that have post-secondary certificates or diplomas and those that have university degrees. Excluded from the survey's coverage are: persons living on reserves and other Aboriginal settlements in the provinces; full-time members of the Canadian Forces and the institutionalized population.

Post-secondary Completion (Age 25–64)

Source: Statistics Canada, Labour Force Survey

Note(s): Statistics Canada's Labour Force Survey is used to calculate the percentage of Albertans age 25–64 who have completed a post-secondary program. The numerator is the number of Albertans aged 25–64 who report having a post-secondary certificate or diploma or a university degree. The denominator is the population of Albertans aged 25–64. Post-secondary completion includes certificates and diplomas (university, vocational, trade, community college) and university degrees. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements in the provinces, full-time members of the Canadian Forces and the institutionalized population.

22. Programme for International Assessment (PISA) of Reading Literacy (15 years old)

Source: Council of Ministers of Education, Canada

Note(s): The Programme for International Student Assessment (PISA) seeks to measure the extent to which youth, at age 15, have acquired some of the knowledge and skills that are essential for full participation in modern societies. Member countries of the Organisation for Economic Co-operation and Development (OECD), along with partner countries and economies, developed PISA to improve their understanding of what makes young people – and education systems as a whole – successful. The project reports on mathematical and reading literacy every three years. Reading literacy is defined as an individual's capacity to understand, use, reflect on and engage with written texts, in order to achieve one's goals, to develop one's knowledge and potential, and to participate in society.

23. Programme for International Assessment (PISA) of Mathematical Literacy (15 years old)

Source: Council of Ministers of Education, Canada

Note(s): The Programme for International Student Assessment (PISA) seeks to measure the extent to which youth, at age 15, have acquired some of the knowledge and skills that are essential for full participation in modern societies. Member countries of the Organisation for Economic Co-operation and Development (OECD), along with partner countries and economies, developed PISA to improve their understanding of what makes young people – and education systems as a whole – successful. The project reports on mathematical and reading literacy every three years. Mathematical literacy is defined as an individual's capacity to formulate, employ, and interpret mathematics in a variety of contexts. It includes reasoning mathematically and using mathematical concepts, procedures, facts and tools to describe, explain and predict phenomena. It assists individuals to recognise the role that mathematics plays in the world and to make the well-founded judgments and decisions

needed by constructive, engaged and reflective citizens.

24. Educational Attainment of Aboriginal Albertans

Source: Statistics Canada, Western Aboriginal Labour Force Survey

Note(s): During the Labour Force Survey data collection, Statistics Canada performs an oversample of off-reserve Aboriginals in Alberta. The extra responses collected from this oversample are added to the Labour Force Survey data, and different weights are used. This Western Aboriginal Labour Force Survey is used to calculate the percentage of off-reserve Aboriginal Albertans age 25–64 who have completed a post-secondary program. The numerator is the number of Aboriginal Albertans aged 25–64 who report having a post-secondary certificate or diploma or a university degree. The denominator is the population of Aboriginal Albertans aged 25–64. Post-secondary completion includes certificates and diplomas (university, vocational, trade, community college) and university degrees. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements in the provinces, full-time members of the Canadian Forces and the institutionalized population.

25. Alberta Business Expenditures on Research and Development

Source: Statistics Canada, Industrial Research and Development: Intentions (Catalogue 88-202-X)

Note(s): This is a measure of expenditures devoted annually to research and development from all business sectors of Alberta's economy. The data is gathered annually by Statistics Canada using surveys of business and is initially published as Industrial Research and Development: Intentions. The funding view of the data presents who provided the money regardless of which performing entity spent it. Updates of the administrative data and filing timelines necessitate historical revisions to the data. Data for 2011 has been restated due to a material revision and therefore differs from previously published results.

26. Credit Rating

Source: Alberta is rated by three credit rating agencies; Standard and Poor's Rating Services, Moody's Investor Services and Dominion Bond Rating Service.

Note(s): Credit rating is an independent credit rating agency's assessment of the future ability of an organization to repay its long term debt. The highest possible rating is AAA.

27. Alberta's Assets

Source: Net Assets on a Fiscal Plan Basis – Found in the GOA Annual Report, in the Executive Summary section on a table titled "Balance Sheet."

Net Assets on a Consolidated Financial Statement Basis – Found in the GOA Annual Report, Consolidated Financial Statements section on the "Consolidated Statement of Financial Position" table.

Note(s): Consolidated net assets reflect the province's total assets less their total liabilities. A 'net-asset' position indicates that the province would be able to meet all current and long-term obligations given the value of their assets.

28. Economic Diversity

Source: Statistics Canada, Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories

Note(s): Industries are grouped into sectors, and the total share for each sector is used to determine the top three sectors. Gross Domestic Product (GDP) is the total market value of all goods and services produced during a given year. GDP is also referred to

as economic output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. The GDP indicators rely heavily on a wealth of information from various areas of Statistics Canada, from other federal departments and agencies, from provincial government departments and from private industry sources. This large amount of information is compiled, integrated and analysed as part of the complex process of arriving at GDP by industry.

29. Index of Economic Well-Being

Source: Centre for the Study of Living Standards

Note(s): The Index of Economic Well-Being, developed by L. Osberg and A. Sharpe, is a mix of different approaches. The index covers simultaneously current prosperity (based on measures of consumption), sustainable accumulation, and social topics (reduction in inequalities and protection against "social" risks). Environmental issues are addressed by considering the costs of CO_2 emissions per capita. Consumption flows and wealth accumulation (defined broadly to include research and development stock, a proxy for human capital, and the costs of CO_2 emissions) are evaluated according to National Accounts methodology. Inequality is monitored with a Gini index and a measure of poverty intensity (Sen-Shorrocks-Thon index). Finally, four key social risks are identified: unemployment, illness, single parent poverty and old-age poverty.

30. Total Greenhouse Gas Emissions

Source: Environment Canada. Canada's Inventory can be found at: http://www.ec.gc.ca/ges-ghg/default.asp

Note(s): Results are based on the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2 equivalent, as outlined in *Alberta's 2008 Climate Change Strategy*. Alberta's total emissions are reported in the National/Provincial/Territorial Tables. The United Nations Framework Convention on Climate Change (UNFCCC) held the nineteenth session of the Conference of the Parties (COP 19) in November, 2013. Through Decision 24/COP 19 the UNFCCC adopted updated global warming potentials to normalize emissions of all the GHGs to a reference gas (CO_2) in accordance with revised reporting guidelines, and implemented several methodological changes. The revised actual results are stated in the graph and revised targets for 2009 to 2012 are 236, 242, 248, and 253 million tonnes, respectively.

31. Air Quality Index

Source: Alberta Environmental Monitoring, Evaluation and Reporting Agency, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association and, Lakeland Industry and Community Association

Note(s): In 2014, the AQI was calculated hourly at 14 continuous monitoring stations: four in Edmonton, two each in Calgary and Fort McMurray and one each in Cold Lake, Fort Saskatchewan, Grande Prairie, Lethbridge, Medicine Hat, and Red Deer. New monitoring stations in Calgary and Red Deer did not report data for sufficient portions of the year to be included in 2014 results. Air quality is measured based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter – 2.5 microns in size (PM2.5). This initiative is part of the National Air Pollution Surveillance Program being implemented across Canada. 2014 results are based on data from fourteen stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker,

Lethbridge, Red Deer – Riverside, and Woodcroft. Calgary Southeast and Red Deer – Lancaster) which began permanent operation in 2014, but were not in operation for sufficient portions of the year to be included in 2014 results.

32. River Water Quality Index

Source: Environment and Sustainable Resource Development

Note(s): The Alberta River Water Quality Index examines a broad range of water quality parameters, many of which tend to fluctuate over time. A certain level of inter-annual variability in Index ratings is expected and typically observed. Various natural and human factors, including flow volume, floods, degree of development in the basin, point source effluent discharges, and non-point source runoff (e.g., from agricultural fields or storm water), can influence the river water quality index.

The Water Quality Index is calculated on the basis of four variable groups (metals, bacteria, nutrients and pesticides) that are regularly monitored in the provincial rivers. The resulting value is assigned a rating according to the following guidelines: 96-100 Almost always met; Best quality (Excellent); 81-95 Occasionally exceeded, but usually by small amounts; threat to quality is minimal (Good); 66-80 Sometimes exceeded by moderate amounts; quality occasionally departs from desirable levels (Fair); 46-65 Often exceeded, sometimes by large amounts; quality is threatened, often departing from desirable levels (Marginal); 0-45 Almost always exceeded by large amounts; quality is significantly impaired and is well below desirable levels; Worst quality (Poor). Both upstream and downstream monitoring stations must achieve a minimum rating of good for the river to receive an overall score of good to excellent.

33. Oil Sands Mine Permanent Reclamation

Source: Oil sands reclamation information can be found at the Oil Sands Information Portal website at:

http://osip.alberta.ca/map/

Note(s): The data provided is as of December 31 of each year reported and it is updated on an annual basis using data provided by the operators in the Annual Reclamation Progress Tracking reports submitted to Environment and Sustainable Resource Development. On April 1, 2014, the Alberta Energy Regulator took over regulatory oversight for oil sands mines, and reports are now submitted to the Regulator instead of Environment and Sustainable Resource Development. The data excludes in-situ oil sands. After a period of time, permanently reclaimed land requires a reclamation certificate under the *Environmental Protection and Enhancement Act.*

34. Energy Intensity

Source: Natural Resources Canada (NRCan) Energy Efficiency Trends in Canada, 1990 to 2009

http://publications.gc.ca/site/eng/365796/publication.html

Comprehensive Energy Use Database Table

http://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/menus/trends/comprehensive_tables/list.cfm

(a) Industrial Sector

http://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/menus/trends/comprehensive/trends_agg_ab.cfm

(b) Residential Sector

http://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/menus/trends/comprehensive/trends_res_ab.cfm

Note(s): Energy intensity is the ratio of energy use per unit of activity. The Residential and Industrial Sector measures of energy intensity are used to represent energy efficiency. The document titled Energy Efficiency Trends in Canada, 1990 to 2010 describes the methodology NRCan uses for determining energy intensity measures in various sectors. NRCan's Comprehensive Energy Use Database, 1990 to 2011, provides an overview of sectoral energy markets in Canada and in each region of the country.

35. Alternative and Renewable Generation Capacity in Alberta

Source: Alberta Utilities Commission

Note(s): In Alberta, alternatives are defined as energy sources such as natural gas cogeneration that are more efficient than traditional energy sources like coal, natural gas for the production of electricity. Renewables are defined as energy sources that can be regenerated and they include wind, hydroelectricity, biomass and natural gas cogeneration technologies. Through its policy framework, the Government of Alberta supports the development of alternative and renewable energy in the province.

Alternative and renewable generating capacity has grown steadily over the past five years with a 22 percent increase from 2010 to 2014. This was largely driven by growth in both wind and gas cogeneration. Alberta Energy's policy framework has created a stable environment to encourage growth in alternative and renewable technologies.

36. Manufacturing and Service Industry Investment

Source: Statistics Canada, Capital and repair expenditures, by sector and province

Note(s): Statistics Canada surveys all industries once a year about their actual past years' capital investments, as well as their intended investments for the current year. For business services, the following industries are aggregated: transportation and warehousing; information and cultural industries; finance and insurance; professional, scientific and technical services; administrative and support, waste management and remediation services; arts, entertainment and recreation; and accommodation and food services. Capital expenditures on machinery and equipment represent the total capitalized cost of machinery such as automobiles, boilers, compressors, earth moving and materials handling machines, generators, motors, office and store furniture, professional and scientific equipment, pumps, tools, and transformers. Preliminary results for 2013 are available from Statistics Canada, as are expectations for 2014. However, this report includes only the finalized numbers up to 2012. Finalized 2013 numbers are expected to be available in the summer of 2015.

37. Investment in Alberta

Source: Statistics Canada

Note(s): Data are gathered by Statistics Canada through the Capital and Repair Expenditures Survey. Statistics Canada recently undertook a comprehensive redesign of the Capital and Repair Expenditures Survey. As a result, the data series was released later in 2015 than in previous years. The new data series for the 2013 actuals were released May 4, 2015, too late for publication in this report.

Data received from Statistics Canada are classified by industry. The pertinent industries previously agreed upon for inclusion in the manufacturing and service industry classification are then identified and summed. The growth between years is a simple one-year growth calculation. No other sources of data are used.

Survey results are usually published every February, with finalized data made available for two calendar years previous.

38. Exports by Sector and Destination

Source: Statistics Canada via World Trade Atlas

Note(s): World Trade Atlas compiles and publishes data from Statistics Canada on international trade statistics for Alberta's goods exports by destination and by product. The information is based on customs data and does not include exports of services.